



**WEST COAST DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## General Information

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<b>Mayoral committee</b>	Ald J H Cleophas (Executive Mayor) Cllr R W Strydom (Deputy Executive Mayor) Cllr R E Swarts (Speaker) Cllr J Meyer Ald F J Schippers Ald B J Stanley Cllr V D McQuire Cllr S A Gxabalashe
<b>Councillors</b>	Cllr R Skei Cllr F Kamfer Cllr G Stephan Cllr J Daniels Cllr J A Engelbrecht Cllr J J Hoop Cllr J Alexander Cllr M Carosini Cllr N S Qunta Ald S I J Smit Cllr N M Ngobo Cllr E B Mankay Ald E Nackerdien Cllr M Schrader Cllr S M Schottz Cllr B J Penxa Cllr N Smit
<b>Grading of local authority</b>	Grade 4
<b>Credit Rating</b>	Long Term : A- Short Term : A1-
<b>Registered office</b>	58 Long Street Moorreesburg 7310
<b>Postal address</b>	P O Box 242 Moorreesburg 7310
<b>Bankers</b>	First National Bank 62001436014
<b>Auditors</b>	Auditor General of SA Registered Auditors
<b>Telephone</b>	022 - 433 8400
<b>Fax</b>	086 692 6113
<b>Accounting Officer</b>	Mr D C Joubert
<b>Chief Financial Officer (CFO)</b>	Dr J C P Tesselaar

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

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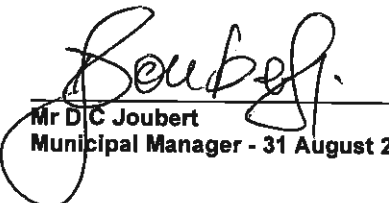
The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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### **ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL**

I AM RESPONSIBLE FOR THE PREPARATION OF THESE ANNUAL FINANCIAL STATEMENTS, WHICH ARE SET OUT ON PAGES 3 TO 99, 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 22 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, 20 OF 1998, AND THE MINISTER OF PROVINCIAL AND LOCAL GOVERNMENT'S DETERMINATION IN ACCORDANCE WITH THIS ACT.

  
Mr D C Joubert  
Municipal Manager - 31 August 2018

  
Dr J C P Jesselaar  
Chief Financial Officer - 31 August 2018

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	269 808 077	234 434 001
Trade receivables from exchange transactions	5	8 377 991	3 950 639
Other receivables from exchange transactions	4	5 580 792	28 076 833
Inventories	3	7 030 453	7 087 073
Employee benefit - road receivable	15	1 439 222	1 196 396
Current portion of asset receivable - local municipalities	50	13 079 773	17 003 568
		<b>305 316 308</b>	<b>291 748 510</b>
<b>Non-Current Assets</b>			
Investment property	7	4 539 072	4 572 282
Property, plant and equipment	8	76 718 201	76 811 277
Intangible assets	9	98 929	1 046 861
Employee benefit - road receivable	15	21 728 046	19 361 937
Asset receivable - local municipalities	50	27 153 151	40 242 583
		<b>130 237 399</b>	<b>142 034 940</b>
<b>Total Assets</b>		<b>435 553 707</b>	<b>433 783 450</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade payables from exchange transactions	10	39 389 758	14 494 818
VAT payable	11	1 563 040	1 476 671
Unspent conditional grants and receipts	12&20	1 418 560	1 712 584
Employee benefits	13	9 034 378	8 725 091
Current portion of long-term liabilities	14&28	13 079 773	17 003 568
		<b>64 485 509</b>	<b>43 412 732</b>
<b>Non-Current Liabilities</b>			
Medical aid benefits	15	65 140 904	62 476 909
Long service awards	16	8 004 167	7 280 737
Long term liabilities	14	27 153 151	40 242 583
		<b>100 298 222</b>	<b>110 000 229</b>
<b>Total Liabilities</b>		<b>164 783 731</b>	<b>153 412 961</b>
<b>Net Assets</b>		<b>270 769 976</b>	<b>280 370 489</b>
Accumulated surplus	17	270 769 976	280 370 489

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of water to operation services	18	94 340 303	114 320 616
Roads agency services	42	128 521 889	120 592 599
Other revenue	19	2 665 034	5 290 239
Fees earned	48	316 766	158 362
Resort income	7	3 643 288	3 466 969
Finance income	44	21 753 463	20 726 817
<b>Total revenue from exchange transactions</b>		<b>251 240 743</b>	<b>264 555 602</b>
<b>Revenue from non-exchange transactions</b>			
Other revenue	19	1 023 524	1 625 405
Actuarial gains recognised - employee benefits	15&43	2 902 225	6 796 061
Actuarial gains recognised - roads receivable	15&43	1 267 886	-
Government grants & subsidies	20	93 566 169	88 917 107
Gain on bad debt provision		18 991	339 725
<b>Total revenue from non-exchange transactions</b>		<b>98 778 795</b>	<b>97 678 298</b>
<b>Total revenue</b>		<b>350 019 538</b>	<b>362 233 900</b>
<b>Expenditure</b>			
Employee related costs	21	(164 790 940)	(155 577 564)
Remuneration of councillors	22	(5 942 246)	(5 447 197)
Depreciation and amortisation		(8 126 753)	(7 665 997)
Finance costs	23	(5 474 312)	(7 276 198)
Materials and supplies	47	(37 259 483)	(44 533 196)
Allowance for impairment	45	(151 197)	-
Bulk purchases	24	(24 132 877)	(8 723 497)
Transfers and subsidies	49	(1 567 071)	(1 167 207)
General expenses	25	(90 411 667)	(81 390 598)
<b>Total expenditure</b>		<b>(337 856 546)</b>	<b>(311 781 454)</b>
Distribution payable		(21 356 864)	-
Actuarial loss on employee benefits	16	(176 149)	-
Loss on disposal of assets and liabilities		(230 491)	(1 144 955)
Actuarial loss on road receivable	15	-	(526 821)
<b>(Deficit) surplus for the year</b>		<b>(9 600 512)</b>	<b>48 780 670</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2016 Restated</b>	<b>427 330 160</b>	<b>427 330 160</b>
Changes in net assets		
(Deficit) surplus for the year	48 780 670	48 780 670
Correction of an error - note 26	3 356	3 356
Correction of an error - note 26	(195 743 697)	(195 743 697)
Total changes	(146 959 671)	(146 959 671)
<b>Balance at 30 June 2017 Restated</b>	<b>280 370 489</b>	<b>280 370 489</b>
(Deficit) surplus for the year	(9 600 512)	(9 600 512)
<b>Balance at 30 June 2018</b>	<b>270 769 977</b>	<b>270 769 977</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Cash Flow Statement

Figures in Rand

	Note(s)	2018	2017 Restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from rate payers, government and other		234 509 378	216 559 659
Road services		130 665 935	98 547 061
Interest income		21 753 463	20 726 817
		<u>386 928 776</u>	<u>335 833 537</u>
<b>Payments</b>			
Employee costs		(169 072 548)	(154 664 063)
Suppliers		(151 959 893)	(140 221 930)
Finance costs		(5 474 312)	(7 276 198)
		<u>(326 506 753)</u>	<u>(302 162 191)</u>
<b>Net cash flows from operating activities</b>	27	<b><u>60 422 023</u></b>	<b><u>33 671 346</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(8 095 890)	(10 835 991)
Proceeds from sale of property, plant and equipment		61 170	175 626
		<u>(8 034 720)</u>	<u>(10 660 365)</u>
<b>Cash flows from financing activities</b>			
Movement in long term liabilities		(17 013 227)	(15 491 853)
		<u>(17 013 227)</u>	<u>(15 491 853)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>35 374 076</b>	<b>7 519 128</b>
Cash and cash equivalents at the beginning of the year		234 434 001	226 914 873
<b>Cash and cash equivalents at the end of the year</b>	6	<b><u>269 808 077</u></b>	<b><u>234 434 001</u></b>

West Coast District Municipality

Statement of Comparison of Budget and Actual Information as at 30 June 2018

Description	2017/2018						2016/2017								
	Original Budget	Budget Adjustments	Final Budget	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of MFMA	Balances to be recovered	Revised Audited Outcome		
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Electoral Performance</b>															
Priority rates	121,000	(7,300)	113,700	113,700	94,376	(19,324)	94,376	(19,324)	(17,324)	0,00	0,00				114,321
Investment revenue	13,865	3,468	17,333	17,333	21,720	4,387	21,720	4,387	168	0,00	0,00				20,777
Transfer income - operational	80,116	14,728	94,844	94,844	82,118	(12,726)	82,118	(12,726)	1,489	0,00	0,00				83,377
Other own revenue	127,514	10,882	138,396	138,396	140,390	1,994	140,390	1,994	18,061	0,00	0,00				138,259
Total Revenue (including capital transfers and contributions)	242,495	36,378	278,873	278,873	258,614	(20,259)	258,614	(20,259)	(16,878)	0,00	0,00				262,214
Employee costs	168,071	1,46	169,537	169,537	164,791	(4,746)	164,791	(4,746)	0,00	0,00	0,00				165,578
Remuneration of councillors	6,000	6,000	12,000	12,000	5,942	(5,958)	5,942	(5,958)	6,000	0,00	0,00				5,447
Debt impairment	1,547	1,547	3,094	3,094	1,547	(1,547)	1,547	(1,547)	0,00	0,00	0,00				0,00
Provision for asset impairment	18,919	18,919	37,838	37,838	19,919	(17,919)	19,919	(17,919)	0,00	0,00	0,00				0,00
Provision for asset impairment	73,382	619	74,001	74,001	67,405	(6,596)	67,405	(6,596)	0,00	0,00	0,00				7,888
Materials and building purchases	390	2,288	2,678	2,678	6,122	3,444	6,122	3,444	0,00	0,00	0,00				7,270
Transfers and grants	82,280	7,381	89,661	89,661	172,712	83,051	172,712	83,051	0,00	0,00	0,00				83,287
Other expenditure	133,988	10,445	144,433	144,433	147,712	3,279	147,712	3,279	27,341	0,00	0,00				84,230
Total Expenditure	242,495	36,378	278,873	278,873	258,614	(20,259)	258,614	(20,259)	12,151	0,00	0,00				258,463
Surplus/(Deficit)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00				0,00
Transfers recognised - capital	1,450	1,450	2,900	2,900	1,450	(1,450)	1,450	(1,450)	0,00	0,00	0,00				0,00
Contributions recognised - capital & contribution assets	2,025	467	2,492	2,492	8,611	6,119	8,611	6,119	12,029	0,00	0,00				48,791
Surplus/(Deficit) after capital transfers & contributions	2,025	467	2,492	2,492	8,611	6,119	8,611	6,119	12,029	0,00	0,00				48,791
Surplus/(Deficit) for the year	2,025	467	2,492	2,492	8,611	6,119	8,611	6,119	12,029	0,00	0,00				48,791
<b>Capital expenditure &amp; finance sources</b>															
Capital expenditure	1,450	370	1,820	1,820	1,450	(370)	1,450	(370)	(370)	0,00	0,00				0,00
Transfer recognised - capital	1,450	1,450	2,900	2,900	1,450	(1,450)	1,450	(1,450)	0,00	0,00	0,00				0,00
Public contributions & donations	7,515	370	7,885	7,885	6,556	(1,329)	6,556	(1,329)	0,00	0,00	0,00				0,00
Borrowing	7,515	370	7,885	7,885	6,556	(1,329)	6,556	(1,329)	0,00	0,00	0,00				0,00
Internally generated funds	8,865	370	9,235	9,235	8,116	(1,119)	8,116	(1,119)	11,229	86,87	86,87				10,822
Total sources of capital funds	22,300	370	22,670	22,670	20,637	(2,033)	20,637	(2,033)	99,02	0,00	0,00				10,822
<b>Cash flows</b>															
Net cash from (used) operating	22,430	370	22,800	22,800	20,637	(2,163)	20,637	(2,163)	37,152	20,00	20,00				26,230
Net cash from (used) investing	(8,569)	(870)	(9,439)	(9,439)	(8,055)	1,384	(8,055)	1,384	1,300	86,03	86,03				10,680
Net cash from (used) financing	(8,569)	370	(8,199)	(8,199)	(7,079)	1,120	(7,079)	1,120	(7,719)	182,56	182,56				(15,462)
Capital cash equivalents at the year end	201,521	21,521	223,042	223,042	209,000	(14,042)	209,000	(14,042)	30,297	195,54	195,54				234,434
<b>Financial Position</b>															
Cash	201,521	21,521	223,042	223,042	209,000	(14,042)	209,000	(14,042)	30,297	195,54	195,54				234,434
Consumer debtors	4,204	4,204	8,408	8,408	8,078	(330)	8,078	(330)	4,174	189,30	189,30				3,951
Other debtors	607	607	1,214	1,214	5,961	5,961	5,961	5,961	5,881	0,00	0,00				28,977
Current portion of long-term receivables	3,573	3,573	7,146	7,146	7,000	(146)	7,000	(146)	13,817	229,180	229,180				18,200
Total current assets	209,805	21,905	231,710	231,710	220,039	(11,671)	220,039	(11,671)	50,567	198,75	198,75				7,087
Long-term receivables	11,797	11,797	23,594	23,594	48,881	25,287	48,881	25,287	85,411	127,27	127,27				290,748
Prepaid expenses	4,436	4,436	8,872	8,872	4,839	(4,033)	4,839	(4,033)	37,084	414,35	414,35				58,885
Property, plant and equipment	317,389	370	321,759	321,759	276,718	(45,041)	276,718	(45,041)	101	102,20	102,20				4,572
Intangible assets	707	707	1,414	1,414	99	(615)	99	(615)	(246,829)	24,19	24,19				76,511
Total non-current assets	324,322	370	325,692	325,692	326,737	1,045	326,737	1,045	(896)	13,98	13,98				2,941
<b>TOTAL ASSETS</b>	524,127	370	524,497	524,497	546,776	22,279	546,776	22,279	(384,54)	38,56	38,56				143,028
<b>LIABILITIES</b>															
Borrowings	12,865	12,865	25,730	25,730	13,000	(12,730)	13,000	(12,730)	227	101,76	101,76				17,004
Trade and other payables	94,114	94,114	188,228	188,228	64,114	(124,114)	64,114	(124,114)	68,60	68,60	68,60				17,984
Provisions	7,965	7,965	15,930	15,930	9,034	(6,896)	9,034	(6,896)	113,45	113,45	113,45				8,725
Total current liabilities	114,944	114,944	229,888	229,888	86,148	(143,740)	86,148	(143,740)	75,93	75,93	75,93				44,718
Borrowings	40,242	40,242	80,484	80,484	27,153	(53,331)	27,153	(53,331)	(13,880)	67,48	67,48				40,243
Provisions	75,101	75,101	150,202	150,202	73,146	(77,056)	73,146	(77,056)	57,40	57,40	57,40				69,258
Total non-current liabilities	115,343	115,343	230,686	230,686	100,299	(130,387)	100,299	(130,387)	(18,440)	124,88	124,88				110,000
<b>TOTAL LIABILITIES</b>	230,287	230,287	460,574	460,574	186,447	(274,127)	186,447	(274,127)	(93,370)	190,81	190,81				164,718
<b>NET ASSETS</b>	293,840	370	294,227	294,227	360,329	66,102	360,329	66,102	131,174	197,95	197,95				193,110
Accumulated Surplus / (Deficit)	373,754	373,754	747,501	747,501	270,770	(476,731)	270,770	(476,731)	(103,564)	72,57	72,57				201,385
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	587,664	743,664	1,041,724	1,041,724	717,109	(324,615)	717,109	(324,615)	22,604	270,77	270,77				392,500

GROUP 24 paragraph 15 states the management should provide reasons for the movement from original budget to the management budget. Management adjusted its capital and operating budget due to the following: Substantially higher 1.4 higher rate on return was received on asset - main investments made for the 2017/18 financial year. CAPITAL BUDGET - lower performance due to savings on projects.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 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 not under common control

##### Definitions

An acquiree is the municipality and/or the functions that the acquirer obtains control of in a transfer of functions.

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

Acquisition date is the date on which the acquirer obtains control of the acquiree.

Contingent consideration is usually, an obligation of the acquirer to transfer additional assets or a residual interest to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, contingent consideration also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.

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

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

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.3 Transfer of functions between entities not under common control (continued)

Non-controlling interest is the interest in the net assets of a controlled municipality not attributable, directly or indirectly, to a controlling municipality.

Owners (for the purposes of this Standard), is used broadly to include holders of residual interests.

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

- equity instruments or similar forms of utilised 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 entity'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 entity.

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

#### The acquisition method

The municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method.

Applying the acquisition method requires:

- (a) identifying the acquirer;
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

#### Identifying the acquirer

For each transfer of functions between entities not under common control, one of the combining entities is identified as the acquirer.

The terms and conditions of a transfer of functions undertaken between entities not under common control are set out in a binding arrangement.

Determining the acquirer includes a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining 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 acquisition date

The acquirer identifies the acquisition date, which is the date on which it obtains control of the acquiree.

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

#### Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree

##### Recognition principle

As of the acquisition date, the municipality as acquirer recognises, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

Recognition conditions:

To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet 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 acquisition date.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

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### 1.3 Transfer of functions between entities not under common control (continued)

In addition, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the municipality as acquirer and the acquiree (or its former owners) agreed in the binding arrangement rather than the result of separate transactions.

#### Operating leases:

The municipality as acquirer recognises no assets or liabilities related to an operating lease in which the acquiree is the lessee.

The municipality as acquirer determines whether the terms of each operating lease in which the acquiree is the lessee are favourable or unfavourable. The municipality as acquirer recognises an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms.

An identifiable intangible asset may be associated with an operating lease, which may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms.

#### Intangible assets:

The municipality as acquirer separately recognises the identifiable intangible assets acquired in a transfer of functions. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal right criterion.

#### Classifying or designating identifiable assets acquired and liabilities assumed in a transfer of functions:

At the acquisition date, the municipality as acquirer classifies or designates the identifiable assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequent to the acquisition date. The municipality as acquirer 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 as they exist at the acquisition date.

#### Measurement principle

The municipality as acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

#### Non-controlling interest in an acquiree:

For each transfer of functions, the municipality as acquirer measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

- fair value; or
- the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

#### Assets with uncertain cash flows (valuation allowances):

The municipality as acquirer does not recognise a separate valuation allowance as of the acquisition date for assets acquired in a transfer of functions that are measured at their acquisition-date fair values because the effects of uncertainty about future cash flows are included in the fair value measure.

#### Assets subject to operating leases in which the acquiree is the lessor:

In measuring the acquisition-date fair value of an asset such as a building or a patent that is subject to an operating lease in which the acquiree is the lessor, the municipality as acquirer takes into account the terms of the lease.

#### Exceptions to the recognition principles

##### Contingent liabilities:

The requirements in the Standard of GRAP on Employee benefits, Contingent assets and Contingent liabilities do not apply in determining which contingent liabilities to recognise as of the acquisition date. Instead, the municipality as acquirer recognises as of the acquisition date a contingent liability assumed in a transfer of functions if it is a present obligation that arises from past events and its fair value can be measured reliably.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.3 Transfer of functions between entities not under common control (continued)

#### Exceptions to both the recognition and measurement principles

##### Employee benefits:

The municipality as acquirer recognises and measures a liability (or asset, if any) related to the acquiree's employee benefit arrangements in accordance with the Standard of GRAP on Employee Benefits.

##### Indemnification assets:

The seller in a transfer of functions may contractually indemnify the municipality as acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. The municipality as acquirer recognises an indemnification asset at the same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. Therefore, if the indemnification relates to an asset or a liability that is recognised at the acquisition date and measured at its acquisition-date fair value, the municipality as acquirer recognises the indemnification asset at the acquisition date measured at its acquisition-date fair value. For an indemnification asset measured at fair value, the effects of uncertainty about future cash flows because of collectability considerations are included in the fair value measure and a separate valuation allowance is not necessary.

#### Exceptions to the measurement principle

##### Reacquired rights:

The municipality as acquirer measures the value of a reacquired right recognised as an intangible asset on the basis of the remaining contractual term of the related contract or other binding arrangement regardless of whether market participants would consider potential renewals of the contract or other binding arrangement in determining its fair value.

##### Assets held for sale:

The municipality as acquirer measures an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with the Standard of GRAP on Non-current assets held for sale and Discontinued operations at fair value less costs to sell.

#### Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred (if any)

The municipality as acquirer recognises the difference between the assets acquired and liabilities assumed and the consideration transferred (if any) as of the acquisition date in surplus or deficit. This difference is measured as the excess of (a) over (b) below:

##### (a) the aggregate of:

(i) the consideration transferred (if any) measured in accordance with this Standard, which generally requires acquisition-date fair value;

(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this Standard; and

(iii) in a transfer of functions achieved in stages, the acquisition-date fair value of the entity as acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this Standard.

#### Consideration transferred

The consideration transferred in a transfer of functions is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the municipality as acquirer, the liabilities incurred by the municipality as acquirer to former owners of the acquiree and the residual interests issued by the entity as acquirer.

##### Contingent consideration:

The consideration the municipality as acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The municipality as acquirer recognises the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.3 Transfer of functions between entities not under common control (continued)

The municipality as acquirer classifies an obligation to pay contingent consideration as a liability or as net assets on the basis of the definitions of a residual interest and a financial liability in the Standard of GRAP on Financial Instruments, or other applicable Standard of GRAP. The municipality as acquirer classifies as an asset a right to the return of previously transferred consideration if specified conditions are met.

#### A transfer of functions achieved in stages

A municipality as acquirer sometimes obtains control of an acquiree in which it held a residual interest immediately before the acquisition date.

In a transfer of functions achieved in stages, the municipality as acquirer remeasures its previously held residual interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in surplus or deficit. In prior reporting periods, the municipality as acquirer may have recognised changes in the value of its residual interest in the acquiree in surplus or deficit. If so, the amount that was recognised in surplus or deficit is recognised on the same basis as would be required if the municipality as acquirer had disposed directly of the previously held residual interest.

#### 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 as acquirer reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality as acquirer retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

During the measurement period, the municipality as acquirer also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the municipality as acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the acquisition date.

#### Determining what is part of the transfer of functions transaction

The municipality as acquirer and the acquiree may have a pre-existing relationship or other arrangement before or when negotiations for the transfer of functions began, or they may enter into a binding arrangement during the negotiations that is separate from the transfer of functions. In either situation, the municipality as acquirer identifies any amounts that are not part of what the municipality as acquirer and the acquiree (or its former owners) exchanged in the transfer of functions. The acquirer recognises as part of applying the acquisition method only the consideration transferred (if any) for the acquiree and the assets acquired and liabilities assumed by the municipality as acquirer in the transfer of functions as governed by the terms and conditions of the binding arrangement.

#### Effective settlement of a pre-existing relationship between the municipality as acquirer and acquiree in a transfer of functions

A pre-existing relationship between the municipality as acquirer and acquiree may be contractual or non-contractual.

If the transfer of functions in effect settles a pre-existing relationship, the municipality as acquirer recognises a gain or loss, measured as follows:

(a) for a pre-existing non-contractual relationship, fair value.

(b) for a pre-existing contractual relationship, the lesser of (i) and (ii):

(i) 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.

(ii) the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If (ii) is less than (i), the difference is included as part of the 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.3 Transfer of functions between entities not under common control (continued)

A pre-existing relationship may be a contract that the municipality as acquirer recognises as a reacquired right. If the binding arrangement includes terms that are favourable or unfavourable when compared with pricing for current market transactions for the same or similar items, the municipality as acquirer recognises, separately from the transfer of functions, a gain or loss for the effective settlement of the contract.

Acquisition-related costs:

Acquisition-related costs are costs the municipality as acquirer incurs to effect a transfer of functions. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities (if applicable). The municipality as acquirer accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities (if applicable) are recognised in accordance with the Standard of GRAP on Financial instruments.

#### Subsequent measurement and accounting

In general, a municipality as acquirer subsequently measure and account for assets acquired, liabilities assumed or incurred and the residual interest issued in a transfer of functions in accordance with other applicable Standards of GRAP for those items, depending on their nature.

#### Reacquired rights

A reacquired right recognised as an intangible asset is amortised over the remaining contractual period of the contract in which the right was granted. A municipality as acquirer that subsequently sells a reacquired right to a third party includes the carrying amount of the intangible asset in determining the gain or loss on the sale.

#### Contingent liabilities

After initial recognition and until the liability is settled, cancelled or expires, the municipality as acquirer measures a contingent liability recognised in a transfer of functions at the higher of:

- (a) the amount that would be recognised in accordance with the Standard of GRAP on Employee benefits, Contingent liabilities and Contingent assets; and
- (b) the amount initially recognised less, if appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from exchange transactions.

#### Indemnification assets

At the end of each subsequent reporting period, the municipality as acquirer measures an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any limitations as set in the binding arrangement on its amount and, for an indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectability of the indemnification asset. The municipality as acquirer derecognises the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

#### Contingent consideration

Some changes in the fair value of contingent consideration that the municipality as acquirer recognises after the acquisition date may be the result of additional information that the municipality as acquirer obtained after that date about facts and circumstances that existed at the acquisition date. However, changes resulting from events after the acquisition date, such as meeting a performance target, or reaching a milestone on a research and development project, are not measurement period adjustments. The municipality as acquirer accounts for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

- (a) Contingent consideration classified as net assets shall not be remeasured and its subsequent settlement is accounted for within net assets.
- (b) Contingent consideration classified as an asset or a liability that:
  - (i) is a financial instrument and is within the scope of the Standard of GRAP on Financial instruments is measured at fair value, with any resulting gain or loss recognised in surplus or deficit in accordance with that Standard of GRAP.
  - (ii) is not within the scope of the Standard of GRAP on Financial instruments is accounted for in accordance with the Standard of GRAP on Employee benefits, Contingent liabilities and Contingent assets or other Standards of GRAP as appropriate.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.4 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.

#### 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.4 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.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.4 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.4 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.

#### Accounting by the entity as transferor

##### Derecognition of assets transferred and liabilities relinquished

As of the transfer date, the municipality derecognises from its annual financial statements, all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.

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

The consideration received from the acquirer can be in the form of cash, cash equivalents or other assets. If the consideration received is in the form of other assets, the municipality measures such assets at their fair value on the transfer date in accordance with the applicable Standard of GRAP. The difference between the carrying amounts of the assets transferred, the liabilities relinquished and the consideration received from the acquirer is recognised in accumulated surplus or deficit.

### 1.5 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 a 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.5 Mergers (continued)

#### 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.

#### 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 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 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.

# West Coast District Municipality

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## Accounting Policies

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### 1.5 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):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and

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Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.5 Mergers (continued)

- 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.

### 1.6 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 50 years
Land	Infinite

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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.7 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 assets 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 standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby 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 at historical cost.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

### 1.7 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Buildings	Straight line	25 to 30
Other Structures (Infrastructure)	Straight line	0 to 100
Other	Straight line	2 to 30

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 municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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 cost are treated in accordance with the provision 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 in 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.

### 1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity 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.

## Accounting Policies

### 1.8 Intangible assets (continued)

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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	Depreciation method	Average useful life
Intangible assets	Straight line	0 - 20 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.

### 1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity 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.

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.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.9 Financial instruments (continued)

- 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, a 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 a 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.

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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.9 Financial instruments (continued)

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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.9 Financial instruments (continued)

#### Classification

The entity 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:

<b>Class</b>	<b>Category</b>
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 municipality 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:

<b>Class</b>	<b>Category</b>
Trade and other payables from exchange transactions	Financial liability measured at fair value
Unspend conditional grants and receipts	Financial liability measured at fair value
Long-term liabilities	Financial liability measured at amortised cost

Trade and other payables are initially measured at fair value plus transaction costs that are directly attributed to the acquisition 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 acquisition 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 established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms. The amount of the provision is the effective interest rate. Bad debts are written off during the year in which they are identified. Subsequent recoveries of amounts previously written off are credited against the relevant revenue stream in the statement of financial performance.

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 purpose of the cash flow statement, cash and cash equivalents comprises of cash on hand, deposits held on call with banks, investments in financial instruments and net bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts 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 entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.9 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 entity 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 received is consistent with terms used in the public sector, either through established practices or legislation.

#### Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.9 Financial instruments (continued)

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 directly OR 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 directly OR 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:

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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.9 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 continues 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.9 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 municipality 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).

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the municipality directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

### 1.10 Value added tax

The municipality accounts for Value Added Tax (VAT) on a cash basis. The municipality is liable to account for VAT at the standard rate (15%) 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.

### 1.11 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.11 Leases (continued)

#### 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 the 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 - 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 - 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.

### 1.12 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.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.12 Inventories (continued)

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.

### 1.13 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset that generates a commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used with the 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.

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:

- the period of time over which an asset is expected to be used by the municipality; or
- 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 tests 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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

#### 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.

#### 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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

#### 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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

#### Reversal of impairment loss

The municipality assesses 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.

### 1.14 Impairment of non-cash-generating assets

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 managed with the 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.

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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.14 Impairment of non-cash-generating assets (continued)

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:

- the period of time over which an asset is expected to be used by the municipality; or
- 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 tests 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 assesses 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.

#### 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.15 Employee benefits

Employee benefits are all forms of consideration given by an 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.

#### 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 measures 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.

# **West Coast District Municipality**

Annual Financial Statements for the year ended 30 June 2018

## **Accounting Policies**

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### **1.15 Employee benefits (continued)**

#### **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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.15 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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 municipality 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 measures the resulting asset at the lower of:

- the amount determined above; and
- 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.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.15 Employee benefits (continued)

The municipality determines 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, a 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-measures 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 [OR is not] 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.15 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 valuation. The actuarial valuation will be revised on an annual basis.

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits 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 shall recognise the net total of the following amounts as expense 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, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.15 Employee benefits (continued)

#### Termination benefits

The municipality 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 municipality 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.

### 1.16 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 surplus (deficit).

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.16 Provisions (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an 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

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

### 1.17 Revenue from exchange transactions

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.

#### Measurement

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.17 Revenue from exchange transactions (continued)

#### Rendering of services

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

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

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 consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the average monthly consumption. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approval 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.

#### Interest, royalties and dividends

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.

### 1.18 Revenue from non-exchange transactions

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.18 Revenue from non-exchange transactions (continued)

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.

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, a 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 legal 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 has 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**

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### **1.18 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 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**

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

### **1.19 Borrowing costs**

Borrowing costs are interest and other expenses incurred by an municipality in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.19 Borrowing costs (continued)

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.

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. 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.

### 1.20 Comparative figures

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reatated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.21 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 approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;

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.

### 1.22 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.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.23 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.

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.

### 1.24 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessment of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is defined as 1% of the total operating expenditure. The materiality is from management's perspective and does not correlate with the auditor's materiality.

### 1.25 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-occurrence 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 that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- the amount of the obligation cannot be measured with sufficient reliability.

### 1.26 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 34.

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 related 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.27 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.

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.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Explanations of significant variances greater than ten percent or five hundred thousand Rand versus the budget are given in appendix A.

### 1.28 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.

### 1.29 Service concession arrangements

#### Operator

The District Municipality as an operator in the service concession arrangement recognises revenue and expenditure in relation to the service concession arrangement in accordance with its accounting policies on revenue and expenditure recognition and with reference to the contract with the grantor.

In terms of the service concession arrangement the following types of revenue are recognised:

- Recognised and measurement of the arrangement consideration.
- Construction and upgrade services.
- Operating services.

The District does not recognise the assets relating to the service concession arrangement as these are recognised in the accounting records of the grantor.

The District Municipality shall recognise a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

The District Municipality shall recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service.

### 1.30 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surplusses 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.

### 1.31 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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.31 Critical accounting estimates and judgements (continued)

Management has made estimates of the selling price and direct cost to sell of certain inventory items to calculate the allowance to write 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 in the carrying amount of post retirement obligation.

The estimation of 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 cost 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 assets.

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for doubtful 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.

### 1.32 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

2018

2017

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

##### **GRAP 34: Separate Financial Statements**

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

##### **GRAP 35: Consolidated Financial Statements**

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

##### **GRAP 36: Investments in Associates and Joint Ventures**

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

##### **GRAP 37: Joint Arrangements**

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

#### **GRAP 38: Disclosure of Interests in Other Entities**

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

#### **Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme**

The objective of this guideline: Entities in the public sector are frequently involved in the construction of houses as part of government's housing policy, implemented through the national housing programme, which is aimed at developing sustainable human settlements. The Housing Act, Act No. 107 of 1997 provides information about the housing programmes that fall within the scope of the national housing programme. Concerns were raised by preparers about the inconsistent accounting applied to housing arrangements undertaken by entities under the national housing programme. Different accounting may be appropriate where there are differences between the terms and conditions of arrangements concluded by entities. However, under housing arrangements that are undertaken in terms of the national housing programme, there are common features and issues that need to be considered. As a result, the Board agreed to develop high-level guidance for arrangements undertaken in terms of the national housing programme.

It covers: Background to arrangements undertaken in terms of the national housing programme, Transactions that affect the accounting of housing arrangements, Consider whether the municipality undertakes transactions with third parties on behalf of another party, Accounting by municipalities appointed as project manager, Disclosure requirements, Accounting by municipalities appointed as project developer, Accounting for the accreditation fee, commission, administration or transaction fee received, Land and infrastructure, Conclusion and Application of this Guideline to existing arrangements.

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

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

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

#### **GRAP 110: Living and Non-living Resources**

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

#### **GRAP 110 (as amended 2016): Living and Non-living Resources**

Amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the amendment is for years beginning on or after 01 April 2020.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

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

#### **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].

## **Notes to the Annual Financial Statements**

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### **2. New standards and interpretations (continued)**

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

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

#### **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].

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

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

#### **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 municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

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

#### **GRAP 18 (as amended 2016): Segment Reporting**

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2019

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

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

#### **GRAP 20: Related parties**

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

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.

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

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

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

#### **GRAP 32: 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 expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

#### **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 2019.

The municipality expects to adopt the standard for the first time in the 2019 annual financial statements.

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

#### **GRAP 106 (as amended 2016): Transfers of functions between entities not under common control**

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: To require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the amendment for the first time in the 2019 annual financial statements.

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

#### **GRAP 107: Mergers**

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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

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 2019.

The municipality expects to adopt the standard for the first time in the 2019 annual financial statements.

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

#### **GRAP 108: 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 municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

#### **GRAP 109: 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 an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for 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 disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

#### **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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

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 municipality expects to adopt the interpretation for the first time in the 2019 annual financial statements.

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

#### **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').

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 municipality expects to adopt the interpretation for the first time in the 2019 annual financial statements.

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

#### **IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset**

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

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

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

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

#### **IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land**

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019 annual financial statements.

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

#### **IGRAP 19: Liabilities to Pay Levies**

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

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

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

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

### GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

### GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: To clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

#### **GRAP 17 (as amended 2016): Property, Plant and Equipment**

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- **General improvements:** To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- **IPSASB amendments:** To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

#### **GRAP 21 (as amended 2016): Impairment of non-cash-generating assets**

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- **IPSASB amendments:** To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

#### **GRAP 26 (as amended 2016): Impairment of cash-generating assets**

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- **IPSASB amendments:** To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

## **Notes to the Annual Financial Statements**

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### **2. New standards and interpretations (continued)**

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

#### **GRAP 27 (as amended 2016): Agriculture**

Amendments to the Standard of GRAP on Agriculture resulted from changes made to IPSAS 27 on Agriculture (IPSAS 27) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27. In addition to the changes made by the IPSASB, a consequential amendment has been made to GRAP 103 on Heritage Assets. The IPSASB currently does not have a pronouncement on this topic.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

#### **GRAP 31 (as amended 2016): Intangible Assets**

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

#### **GRAP 103 (as amended 2016): Heritage Assets**

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>3. Inventories</b>		
Consumable Inventory	4 701 925	5 170 298
Water Stock	2 328 528	1 916 775
	<b>7 030 453</b>	<b>7 087 073</b>
<b>Inventory pledged as security</b>		
No inventory was pledge as security.		
<b>4. Other receivables from exchange transactions</b>		
Water : Sales	3 164 983	4 033 758
Fire Services : Saldanha and West Coast	-	337 821
Operating Leases	252 957	222 091
Other	595 055	1 352 787
Insurance Claims	-	49 268
Roads receivable	-	20 588 350
Advance payments : Members fees	1 733 427	1 506 748
Net Balance (Allowance for Impairment)	(165 630)	(13 990)
	<b>5 580 792</b>	<b>28 076 833</b>
<b>Reconciliation of allowance for impairment</b>		
Other receivables from non-exchange transactions	(165 630)	(13 990)
<b>5. Trade receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	90 078	86 135
Water	8 152 446	3 743 191
Sewerage	16 145	14 840
Other	-	-
Housing rental	123 908	130 051
	<b>8 382 577</b>	<b>3 974 217</b>



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>5. Trade receivables from exchange transactions (continued)</b>		
Less : Allowance for impairment	(4 586)	(23 578)
<b>Net balance</b>		
Electricity	90 078	86 135
Water	8 152 446	3 743 191
Sewerage	16 145	14 840
Other	-	-
Housing rental	123 908	130 051
Net balance (Allowance for impairment)	(4 586)	(23 578)
	<b>8 377 991</b>	<b>3 950 639</b>
<b>Reconciliation of allowance for impairment (including other receivables from exchange transactions)</b>		
Balance at the beginning of the year	(37 568)	(363 303)
Contribution to provision	(151 196)	-
Debt impairment written off against provision	18 548	343 077
Funds recovered	-	(17 342)
	<b>(170 216)</b>	<b>(37 568)</b>
<b>Reconciliation of allowance for impairment between trade and other receivables</b>		
Trade receivables from exchange transactions	(4 586)	(23 578)
Other receivables from exchange transactions	(165 630)	(13 990)
	<b>(170 216)</b>	<b>(37 568)</b>
<b>Age analysis per service (net of allowance for impairment) Service Debtors (Water, Electricity, Sewerage and Other)</b>		
Current (0-30 days)	7 976 366	3 588 716
30-60 days	241 444	198 418
61-90 days	29 488	39 746
91-120 days	3 072	10 473
121-365 days	8 299	6 813
	<b>8 258 669</b>	<b>3 844 166</b>
<b>Housing Rental</b>		
Current (0-30 days)	82 256	80 542
31-60 days	26 342	31 614
61-90 days	15 310	17 895
91-120 days	-	-
	<b>123 908</b>	<b>130 051</b>
<b>Summary of debtors age analysis (Trade receivables)</b>		
Current (0-30 days)	8 058 622	3 669 258
31-60 days	267 786	230 032
61-90 days	44 798	57 641
91-120 days	3 072	10 473
121-365 days	8 299	6 813
>365 days	-	-
Less : Allowance for impairment	(4 586)	(23 578)
	<b>8 377 991</b>	<b>3 950 639</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash book balances	269 807 627	234 433 551
Floats	450	450
<b>Total cash and cash equivalents</b>	<b>269 808 077</b>	<b>234 434 001</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
First National Bank - Current Account	251 008 415	224 719 532	221 486 233	251 008 414	224 719 532	221 487 899
First National Bank - Current Account	18 800 415	9 763 612	4 971 930	18 799 213	9 714 019	4 961 275
Floats	450	450	450	450	450	450
Short-term investments	-	-	465 249	-	-	465 249
<b>Total</b>	<b>269 809 280</b>	<b>234 483 594</b>	<b>226 923 862</b>	<b>269 808 077</b>	<b>234 434 001</b>	<b>226 914 873</b>

Average rate of return on short-term investments 8.02% 3.79%

### 7. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5 508 050	(968 978)	4 539 072	5 508 050	(935 768)	4 572 282

Fair value of investment properties 13 677 360 13 677 360

#### Pledged as security

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

The municipality owns a beach development (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 appendix B of Property, plant and equipment, Intangible and Investment property for detailed disclosures.

Rental revenue from investment property was R3 643 288 (2017 : R3 466 969) as disclosed in the Statement of Financial Performance.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 8. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	26 760 390	-	26 760 390	26 760 390	-	26 760 390
Buildings	49 854 652	(22 805 507)	27 049 145	49 884 655	(20 411 690)	29 472 965
Infrastructure	1 760 616	(147 932)	1 612 684	621 606	(160 280)	461 326
Other	67 726 994	(46 431 012)	21 295 982	64 142 010	(44 025 414)	20 116 596
<b>Total</b>	<b>146 102 652</b>	<b>(69 384 451)</b>	<b>76 718 201</b>	<b>141 408 661</b>	<b>(64 597 384)</b>	<b>76 811 277</b>

#### Pledged as security

No properties were pledged as security in the current and prior financial period.

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 appendix B of Property, plant and equipment, Intangibles and Investment property for detailed disclosure. The transfers in appendix B relates to the water service concession arrangement.

### 9. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	8 241 849	(8 142 920)	98 929	8 241 849	(7 194 988)	1 046 861

#### Pledged as security

No assets have been pledged as security in the current and prior financial period.

#### 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 appendix B of Property, plant and equipment, Intangibles and Investment property for detailed disclosure. The transfers in appendix B relates to the water service concession arrangement.

### 10. Trade payables from exchange transactions

Sundry creditors	1 619 419	1 579 267
Payments received in advance - contract in process	568 531	548 836
Accrued leave pay	8 941 973	8 369 112
Retentions	97 220	131 497
Trade payables	4 647 895	3 859 832
Deferred operating lease payments	13 812	6 274
Roads payable	2 144 044	-
Distribution payable	21 356 864	-
	<b>39 389 758</b>	<b>14 494 818</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>11. VAT payable</b>		
VAT 201 return as at 30 June	75 879	530 171
VAT Output payable from debtors	1 487 161	946 500
	<b>1 563 040</b>	<b>1 476 671</b>

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

### 12. Unspent conditional grants and receipts

See note 20 for detailed reconciliation of grants.

These amounts are invested and ring-fenced within the municipality's cash and cash equivalents until utilised.

Unspent conditional grants and receipts comprises of :		
Western Cape Financial Management Grant (MSCOA)	-	142 164
Western Cape Financial Management Grant (IDP & Internship)	370 342	858 248
Working for Water	-	139 672
Greenest Municipality Competition	-	25 275
Local Government Graduate Internship Grant	-	92 888
Rural Roads Management	346 257	443 720
Donations Mayor	-	10 617
Finance Management Spacial Development	600 000	-
Capacity Building Health Services	101 961	-
	<b>1 418 560</b>	<b>1 712 584</b>

### 13. Employee Benefits

Reconciliation of short-term portion of employee benefits - 2018	Opening Balance	Additions	Utilised during the year	Total
Short-term portion of medical aid benefits	3 435 329	3 289 453	(3 435 329)	3 289 453
Short-term portion of long service awards	946 643	845 800	(847 795)	944 648
Short-term portion of performance bonus	126 934	252 980	(126 934)	252 980
Short-term portion of bonus	4 216 185	4 606 033	(4 274 921)	4 547 297
	<b>8 725 091</b>	<b>8 994 266</b>	<b>(8 684 979)</b>	<b>9 034 378</b>

Reconciliation of short-term portion of employee benefits - 2017	Opening Balance	Additions	Utilised during the year	Total
Short-term portion of medical aid benefits	2 904 000	3 435 329	(2 904 000)	3 435 329
Short-term portion of long service awards	503 000	946 643	(503 000)	946 643
Short-term portion of performance bonus	280 938	126 934	(280 938)	126 934
Short-term portion of bonus	3 759 438	4 546 077	(4 089 330)	4 216 185
	<b>7 447 376</b>	<b>9 054 983</b>	<b>(7 777 268)</b>	<b>8 725 091</b>

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

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

Refer to disclosure note 16 (long service awards) and note 15 (medical aid benefits) for detail disclosure.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>14. Long term liabilities</b>		
Local registered stock loans	40 232 924	57 246 151
Less : Current portion transferred to current liabilities	(13 079 773)	(17 003 568)
	<b>27 153 151</b>	<b>40 242 583</b>

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 Services Department.

The municipality has a unsecured external loan at Sanlam at a fixed rate of 12.54%. The redeemable date of the loan is 29 June 2018. 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 Services Department.

The municipality has a unsecured external loan at the Development Bank of South Africa at a fixed rate of 6.75% and 13.38%. The redeemable date of the loan is 30 June 2020. 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 Services Department.

The municipality has a unsecured external loan at ABSA of South Africa at a fixed rate of 10.87%. The redeemable date of the loan is 31 January 2021. The loan is redeemed on a half-yearly basis as at 31 January and 31 July. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Services Department.

Refer to appendix E (1) for more detail on long term liabilities. The liabilities relates to the water service concession arrangement. Refer to note 50 for the asset receivable.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>15. Medical aid benefits</b>		
<b>Defined benefit plan</b>		
The most recent actuarial valuation of the present value of the obligation were carried out at 30 June 2018 by One Pangaea Expertise & Solutions.		
Defined benefit plan	68 430 357	65 912 238
<b>Change in liability</b>		
Opening balance	62 476 909	63 420 000
Service cost	2 158 660	2 822 000
Interest cost	6 063 618	6 701 000
Recognised actuarial (gain) loss	(2 902 225)	(6 093 504)
Benefits paid	(2 801 934)	(2 588 289)
Current portion transferred to current liabilities	145 876	(531 329)
Inclusion of minimum service conditions	-	(1 252 969)
	<b>65 140 904</b>	<b>62 476 909</b>
<b>Net expenses recognised in the statement of financial performance</b>		
Current service cost	2 158 660	2 822 000
Interest cost	6 063 618	6 701 000
Actuarial (gain) loss	(2 902 225)	(6 093 504)
<b>Total included in employee related costs</b>	<b>5 320 053</b>	<b>3 429 496</b>
<b>Unrecognised actuarial gain and loss</b>		
Corridor maximum	(2 902 225)	(6 093 504)
New (gain) / loss	2 902 225	6 093 504
	-	-
<b>Changes in the fair value plan assets are as follows :</b>		
Opening balance	3 435 329	2 904 000
Contributions by employer	(145 876)	531 329
	<b>3 289 453</b>	<b>3 435 329</b>

**West Coast District Municipality**  
Annual Financial Statements for the year ended 30 June 2018

**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
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**15. Medical aid benefits (continued)**

**Key assumptions used**

Assumptions used at the reporting date:

Discount rates used	10,88 %	9,44 %
Consumer price inflation	7,13 %	6,24 %
Health care cost inflation	8,63 %	7,74 %
Net discount rate	2,07 %	1,58 %

It is the relative levels of the discount rate and health care cost inflation to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is our expectation of the long-term average.

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the reporting date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous date, 30 June 2017 the duration of liabilities was 19.90 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 29 June 2018 is 10.88% per annum, and the yield on the inflation linked bonds of a similar term was about 3.03% per annum, implying an underlying expectation of inflation of 7.13% per annum  $([1+10.88\% - 0.5\%] / [1+3.03\%] - 1)$ .

A healthcare cost inflation rate of 8.63% was assumed. This is 1.5% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 2.07% per annum  $([1+10.88\%] / [1+8.63\%] - 1)$ .

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

	<b>Active employees</b>	<b>Pensioners</b>
Normal retirement age	65	-
Fully accrued age (to take account for ill-health and early retirement decrements)	63	-
Employment age used for past service period	Actual service ages	Actual service ages
Age difference between spouses	5 years	Actual ages used
Proportion married	90% assumed married at retirement	Actual marital status
Mortality	SA-90 (Normal)	PA (90)

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 15. Medical aid benefits (continued)

The withdrawal rates assumption used are as follows:

Age	Withdrawal rates (Male)	Withdrawal rates (Female)
20	16%	24%
25	12%	18%
30	10%	15%
35	8%	10%
40	6%	6%
45	4%	4%
50	2%	2%
55	1%	1%
60+	-	-

#### Continuation Percentages

The assumption is that the continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependants.

#### Employee benefit - roads receivable (Medical aid)

In terms of the memorandum of agreement between the Western Cape Provincial Government, Department of Public Works and Transport, and 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 (Medical aid)

Opening balance	20 558 333	19 872 675
Current service cost	652 259	705 692
Interest cost	1 885 186	1 964 686
Expected benefits paid	(1 196 396)	(1 127 972)
Actuarial (loss) / gain	1 267 886	(526 821)
Inclusion of minimum service condition	-	(329 927)
	<b>23 167 268</b>	<b>20 558 333</b>

#### Statement of Financial Position

Employee benefits - roads receivable (current assets)	1 439 222	1 196 396
Employee benefits - roads receivable (non-current assets)	21 728 046	19 361 937
	<b>23 167 268</b>	<b>20 558 333</b>



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 16. Long-term portion of long service awards

#### Long service awards

Provision of long service awards	8 948 814	8 227 380
Less : Transferred to current provision	(944 647)	(946 643)
<b>Net long service awards liability</b>	<b>8 004 167</b>	<b>7 280 737</b>

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 2018 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 2018 was done by One Pangaea Expertise & Solutions.

The future service cost for ensuring year is established to be R730 274 whereas the interest-cost for the next year is estimated to be R765 427.

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

• Discounted rate	-	9.03%
• General salary inflation (long-term)	-	6.54%
• Net effective discount rate	-	2.34%
• Mortality	-	SA85-90
• Normal retirement age	-	65

#### 2018 - Details of employees eligible for long service awards are detailed below

	Active Employees	Salaries Weighted Average Age (years)	Weighted Average Past Service (years)
All employees	507	42	10

#### 2017 - Details of employees eligible for long service awards are detailed below

	Active Employees	Salaries Weighted Average Age (years)	Weighted Average Past Service (years)	Column heading	Total
All employees	508	43	11	-	562

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

Present value of fund obligations	8 948 814	8 227 380
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#### The amount recognised in the Statement of Financial Performance are as follows :

Current service costs	730 274	631 000
Interest costs	662 806	733 000
Actuarial (gain)/loss on the obligation	176 149	(596 620)
	<b>1 569 229</b>	<b>767 380</b>

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

Balance at the beginning of the year	8 227 380	7 963 000
Current service costs	730 274	631 000
Interest costs	662 806	733 000
Benefits paid	(847 795)	(397 065)
Actuarial (gain)/loss on the obligation	176 149	(702 555)
	<b>8 948 814</b>	<b>8 227 380</b>

The average liability has increased by 1% due to the effect of an increase in the average salary and an increase in the average past service, being mostly offset by the effect of an increase in the net discount rate.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

2018

2017

### 16. Long-term portion of long service awards (continued)

The total liability has increased by 8.7% (or R721 434) due to the above, combined with the fact that there are 13 more eligible employees than at the last valuation.

Changes in withdrawal - The effect of a 1% movement in the withdrawal rates will be as follow :

#### Employer's accrued liability

	-1% Withdrawal rate	Valuation Assumption	+1% Withdrawal rate
Salary increase rate	8 327 846	8 948 814	9 643 348
Discount rate	9 633 221	8 948 814	8 346 511
	<b>17 961 067</b>	<b>17 897 628</b>	<b>17 989 859</b>

#### Employer's expense cost

	-1% Withdrawal rate	Valuation Assumption	+1% Withdrawal rate
Salary increase rate	1 317 283	1 424 907	1 546 058
Discount rate	1 452 693	1 424 907	1 399 266
	<b>2 769 976</b>	<b>2 849 814</b>	<b>2 945 324</b>

### 17. Accumulated surplus

Balance as at 1 July	280 370 489	427 330 160
Net gain / loss for the period	(9 600 512)	48 780 670
Correction of an error - note 26	-	(195 740 341)
	<b>270 769 977</b>	<b>280 370 489</b>

### 18. Sale of water to operation services

Fire fighting services	639 867	737 451
Sale of electricity	746 920	678 378
Sale of water	92 811 540	112 758 868
Sewerage and sanitation charges	141 976	145 919
	<b>94 340 303</b>	<b>114 320 616</b>

### 19. Other revenue

#### Non-exchange transactions

Sundry overpayments	-	391 138
Interest on debtors	96 203	32 504
Other income	527 542	504 034
Insurance refunds	399 779	697 729
	<b>1 023 524</b>	<b>1 625 405</b>

#### Exchange transactions

Rent	2 184 905	1 216 087
Water services	447 302	83 282
Fire services (Saldanha)	32 827	3 990 870
	<b>2 665 034</b>	<b>5 290 239</b>

### 20. Unspent conditional grants and receipts

The following grants and subsidies were received and recognised :

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 20. Unspent conditional grants and receipts (continued)

Western Cape Financial Management Grant (Risk and MSCOA)	422 164	236 260
Local Government Graduate Internship Grant	81 566	87 112
Western Cape Financial Management Grant (IDP)	692 458	507 542
Western Cape Financial Management Grant (Internship)	168 769	184 211
RSC Levy Replacement Grant (Equitable Share)	70 061 000	68 270 000
Equitable Share	14 911 000	13 924 000
MSIG	-	142 711
Financial Management Grant	1 250 000	1 250 000
EPWP	1 100 000	1 036 000
Donations Mayor	222 818	170 401
Greenest Municipality Competition	75 275	24 725
Capacity Building Health Services	162 040	128 593
Install Rainwater Tanks	-	54 886
Rural Roads Management	2 206 743	1 980 280
Working for Water	1 009 836	979 063
Fire Services Capacity Building Grant	1 450 000	-
Other Government Grants and Subsidies : Less VAT on administration charges	(247 500)	(58 677)
	<b>93 566 169</b>	<b>88 917 107</b>

#### 20.1) MSIG

Balance unspent at the beginning of the year	-	142 711
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(142 711)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

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).

#### 20.2) 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)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

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.

#### 20.3) Western Cape Financial Management Grant (Risk and MSCOA)

Balance unspent at the beginning of the year	142 164	158 424
Current year receipts	280 000	220 000
Current year interest	-	-
Conditions met - transferred to revenue	(422 164)	(236 260)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>142 164</b>

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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 20. Unspent conditional grants and receipts (continued)

#### 20.4) Donations Mayor

Balance unspent at the beginning of the year	10 617	10 750
Current year receipts	212 200	170 268
Current year interest	-	-
Conditions met - transferred to revenue	(222 817)	(170 401)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>10 617</b>

#### 20.5) EPWP Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	1 100 000	1 036 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 100 000)	(1 036 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

Strategic objective - Environmental Integrity.

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

#### 20.6) Working for Water

Balance unspent at the beginning of the year	139 673	118 739
Current year receipts	870 163	999 999
Current year interest	-	-
Conditions still to be met - transferred to liabilities	(1 009 836)	(979 065)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>139 673</b>

Strategic objective - Environmental Integrity.

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

#### 20.7) Western Cape Financial Management Grant (IDP and Internship)

Balance unspent at the beginning of the year	858 247	650 000
Current year receipts	240 000	900 000
Current year interest	-	-
Conditions met - transferred to revenue	(861 227)	(691 753)
<b>Conditions still to be met - transferred to liabilities</b>	<b>237 020</b>	<b>858 247</b>

Strategic objective - Good governance and financial viability.

The purpose of the grant is to support the internship programme as well as strategic services within the West Coast District area.

#### 20.8) Capacity Building Health Services

Balance unspent at the beginning of the year	-	128 593
Current year receipts	264 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(162 040)	(128 593)
<b>Conditions still to be met - transferred to liabilities</b>	<b>101 960</b>	<b>-</b>

Strategic objective - Environmental Integrity.

The purpose of the grant is to build capacity of the health services officials within the West Coast District area.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 20. Unspent conditional grants and receipts (continued)

#### 20.9) Install Rainwater Tanks

Balance unspent at the beginning of the year	-	54 886
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(54 886)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

Strategic objective - Environmental Integrity.

The purpose of this grant is to provide a sustainable water supply for food gardens and reduce consumption of water resources due to drought conditions experienced within the West Coast Area.

#### 20.10) Rural Roads Management

Balance unspent at the beginning of the year	443 720	219 733
Current year receipts	2 553 000	2 424 000
Current year interest	-	-
Conditions met - transferred to revenue	(2 206 743)	(1 980 280)
Transfer to National Treasury	(443 720)	(219 733)
<b>Conditions still to be met - transferred to liabilities</b>	<b>346 257</b>	<b>443 720</b>

Strategic objective - Essential bulk services.

The purpose of the grant is to develop a rural roads management plan within the West Coast District.

#### 20.11) Greenest Municipality Competition

Balance unspent at the beginning of the year	25 275	-
Current year receipts	50 000	50 000
Current year interest	-	-
Conditions met - transferred to revenue	(75 275)	(24 725)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>25 275</b>

Strategic objective - Environmental Integrity.

This was used to buy computer equipment within the Corporate and Community services department.

#### 20.12) Local Government Graduate Internship Grant

Balance unspent at the beginning of the year	92 888	-
Current year receipts	122 000	180 000
Current year interest	-	-
Conditions met - transferred to revenue	(81 566)	(87 112)
<b>Conditions still to be met - transferred to liabilities</b>	<b>133 322</b>	<b>92 888</b>

Strategic objective - Good governance and financial viability.

The purpose of the grant is to assist the graduate internship programme within the West Coast District.

## West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>20. Unspent conditional grants and receipts (continued)</b>		
<b>20.13) Fire Services Capacity Building Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	1 450 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(1 450 000)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
Strategic objective - Social Well-being.		
The purpose of the grant is to build infrastructure capacity with the municipality's fire department.		
<b>20.14) Finance Management Spacial Development</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	600 000	-
Current year interest	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>600 000</b>	<b>-</b>
Strategic objective - Good governance and financial viability.		
The purpose of the grant is to assist with spacial development within the West Coast District.		
<b>Unspent conditional grants and receipts</b>		
PAWC and State funds : Various projects (see note 12)	1 418 560	1 712 584

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>21. Employee related costs</b>		
Employee related costs - Salaries and wages	96 564 479	88 828 596
Employee related costs - Contributions for UIF, pensions and medical aids	24 290 190	22 310 568
Bonus paid	5 537 273	4 273 798
Bonus paid - Roads	2 465 925	2 794 570
Travel, motor car, accommodation, subsistence and other allowances	10 152 195	9 984 535
Other payroll levies	2 049 533	3 733 650
Overtime payments	8 006 867	8 773 979
Contributions to employee benefits	8 275 309	8 350 248
Leave accrual	1 177 707	834 760
Special allowances	4 933 334	4 447 620
Housing benefits and allowances	1 338 128	1 245 240
	<b>164 790 940</b>	<b>155 577 564</b>
<b>Remuneration of municipal manager (This expense forms part of employee related costs)</b>		
Annual Remuneration	1 047 663	1 696 936
Car Allowance	121 490	246 143
Performance Bonuses	106 675	44 366
Contributions to UIF, Medical and Pension Funds	32 706	46 472
Telephone allowance	15 138	20 184
Other	74	72 042
	<b>1 323 746</b>	<b>2 126 143</b>
<b>Remuneration of chief finance officer (This expense forms part of employee related costs)</b>		
Annual Remuneration	935 211	970 851
Car Allowance	22 397	64 085
Performance Bonuses	90 128	34 990
Contributions to UIF, Medical and Pension Funds	122 330	222 749
Telephone allowance	16 820	20 184
Other	57	150 348
	<b>1 186 943</b>	<b>1 463 207</b>
<b>Remuneration of individual executive directors - Technical services (This expense forms part of employee related costs)</b>		
Annual Remuneration	1 047 962	1 176 550
Car Allowance	120 000	156 811
Performance Bonuses	28 018	47 576
Contributions to UIF, Medical and Pension Funds	49 091	48 236
Telephone allowance	20 184	20 184
Other	99	11 882
	<b>1 265 354</b>	<b>1 461 239</b>
<b>Remuneration of individual executive directors - Corporate and Community services (This expense forms part of employee related costs)</b>		
Annual Remuneration	932 876	931 096
Car Allowance	120 000	145 125
Performance Bonuses	90 745	33 391
Contributions to UIF, Medical and Pension Funds	156 996	169 381
Telephone allowance	20 184	20 184
Other	99	18 355
	<b>1 320 900</b>	<b>1 317 532</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 22. Remuneration of councillors

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 has the use of a council owned vehicle for 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 envisage 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.

Executive Mayor	870 814	840 242
Deputy Executive Mayor	705 529	711 284
Mayoral Committee Members	1 371 486	1 600 111
Speaker	705 529	691 065
Councillors and Secretarial support	2 131 338	1 380 880
Coucillors pension contribution	157 550	223 615
	<b>5 942 246</b>	<b>5 447 197</b>

### 23. Finance costs

Long term liabilities	5 474 312	7 276 198
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### 24. Bulk purchases

Water	24 132 877	8 723 497
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### 25. General expenses

Advertising	445 244	574 682
Assessment rates & municipal charges	18 182 251	22 647 633
Auditors remuneration	3 152 296	3 016 780
Study - rural roads	2 122 789	1 858 008
Computer expenses	2 250 379	2 178 666
Consulting and professional fees	2 463 374	3 849 055
Insurance	977 434	444 796
Rental offices	635 076	535 706
Water demand management	44 643	45 932
Lease rental on operating lease	353 765	181 537
Contribution to free municipal services	691 085	626 071
Fuel and oil	14 991 666	12 923 583
Printing and stationary	198 779	555 488
Security (Guarding of municipal property)	488 883	461 360
Subscriptions and membership fees	70 107	1 449 614
Telephone and fax	1 589 765	1 512 547
Transport and freight	92 642	28 050
Training	541 237	748 996
Travel - local (subsistence allowance)	3 430 933	3 229 746
Water and milk samples	53 386	9 629
Uniforms	2 230 699	1 860 217
Exhibitions	257 862	329 373
Professional services (Water services)	2 003 677	808 712
Bore waterhole drill	374 630	427 249
Infrastructure and planning - civil and land	8 910 978	6 049 367
Maintenance of buildings and equipment	4 305 287	7 069 855
Other operating expenses	19 552 800	7 967 946
	<b>90 411 667</b>	<b>81 390 598</b>



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 26. Prior period errors

The correction of errors resulted in adjustments as follows:

	<b>Adjustment 2017</b>
General expenses - Inventory incorrectly expensed	748 827
Bad debt allowance was reversed during the 2017 financial year. This error was corrected in the Statement of Changes in Net Assets.	3 356
Leave provision was corrected during this financial year	169 870
The cancellation of resort income.	(35 974)
Salary control accounts allocated twice within departments.	235 676
The incorrect interpretation of disbursement of salaries allowances and benefits to Councillors.	185 661
Funds paid back in regards to the sports day held by the municipality.	6 524
Correction of stale and operating lease payments.	(720)
Correction of useful lives of assets still in use	322 279
Correction of land owned by municipality	629 000
During the current financial period as part of a review of the service delivery model relating to bulk water, it came to managements attention that the arrangement relating to the service constituted a service concession arrangement and as such the restatements were considered to be necessary.	(198 008 196)
	<b>(195 743 697)</b>

### Statement of Financial Performance

	<b>Balance before adjustment</b>	<b>Adjustment</b>	<b>Balance after adjustment</b>
General expenses	(68 443 866)	754 631	(67 689 235)
Employee related costs	(155 983 110)	405 546	(155 577 564)
Resort income	3 502 943	(35 974)	3 466 969
Remuneration of councillors	(5 632 858)	185 661	(5 447 197)
Depreciation and amortisation	(14 254 279)	6 588 282	(7 665 997)
	<b>(240 811 170)</b>	<b>7 898 146</b>	<b>(232 913 024)</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

2018

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### 26. Prior period errors (continued)

#### Statement of Financial Position

	Balance before adjustment	Adjustment	Balance after adjustment
Inventories	6 338 246	748 827	7 087 073
Trade payables from exchange transactions	(15 055 855)	561 037	(14 494 818)
Property, plant and equipment	323 739 341	(246 928 064)	76 811 277
Intangible assets	520 363	526 498	1 046 861
Asset receivable - current portion local municipalities	-	17 003 568	17 003 568
Asset receivable - non-current portion - local municipalities	-	40 242 583	40 242 583
	<b>315 542 095</b>	<b>(187 845 551)</b>	<b>127 696 544</b>

#### Accumulated surplus

	Balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June	468 216 040	(187 845 551)	280 370 489

Repairs and maintenance and general expenses - contributions and grants was reclassified to comply with the Municipal Chart of Accounts (mSCOA) from 1 July 2017.

#### 30 June 2017

	Balance before adjustment	Reclassified	Balance after adjustment
Repairs and Maintenance	(59 401 766)	59 401 766	-
General expenses - contributions and grants	(160 175)	160 175	-
Materials and supplies	-	(44 533 196)	(44 533 196)
Electricity	(20 640 586)	20 640 586	-
Water	(748 731)	748 731	-
Assessment rates & municipal charges	(1 258 316)	(21 389 317)	(22 647 633)
General expenses	-	(13 861 538)	(13 861 538)
Transfers and subsidies	-	(1 167 207)	(1 167 207)
	<b>(82 209 574)</b>	<b>-</b>	<b>(82 209 574)</b>

#### General expenses

	Balance before adjustment	Reclassified	Balance after adjustment
Balance as at 30 June	(67 689 235)	(13 701 363)	(81 390 598)

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>27. Cash generated from operations</b>		
(Deficit) surplus	(9 600 512)	48 780 670
<b>Adjustments for:</b>		
Depreciation and amortisation	8 126 753	7 665 997
Loss on property, plant and equipment	571 531	1 144 955
Roads receivable - Employee benefits	(2 608 935)	6 256 196
Correction of error - Refer to note 26	-	3 356
Donated assets - Other assets	(9 749)	-
Asset receivable - Local municipalities	17 013 227	-
<b>Changes in working capital:</b>		
Inventories	805 447	(2 111 467)
Trade receivables from exchange transactions	(4 384 782)	107 630
Other receivables from exchange transactions	22 344 402	(20 504 602)
Trade payables from exchange transactions	24 102 725	(2 358 992)
VAT	86 368	559 205
Unspent conditional grants and receipts	(294 025)	228 748
Employee benefits	4 269 573	(6 364 730)
Long service awards	-	264 380
	<b>60 422 023</b>	<b>33 671 346</b>

### 28. Utilisation of Long-term liabilities reconciliation

Long-term liabilities (See note 14)	40 232 924	57 246 151
Used to finance property, plant and equipment	(40 232 924)	(57 246 151)
Cash set aside for the repayment of long-term liabilities	13 079 773	17 003 568
	<b>13 079 773</b>	<b>17 003 568</b>

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.

### 29. Unauthorised expenditure

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

### 30. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure	-	-
Opening balance	-	-
Fruitless and wasteful expenditure current year	380 275	21 366
Condoned or written off by Council	-	(13 735)
Amount recoverable (Not condoned)	(96 100)	(7 631)
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>284 175</b>	<b>-</b>

### 30 June 2017

Internal audit was requested to conduct an investigation on tenders not awarded within the 90 day period after the advertisement date. Reasonable steps were taken by management to address the control deficiency and the responsible official/s were held accountable for any loss incurred by the municipality. Two incidents were identified as follows:

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 30. Fruitless and wasteful expenditure (continued)

Incident 1 - WCDM 24/2016 - Hiring of construction plant, personnel, mobile crushing equipment and fencing works.	-	13 735
Incident 2 - WCDM 32/2016 - Supply and delivery of G5 sub-base material for upgrading, rehabilitation and maintenance works.	-	7 631
	-	<b>21 366</b>

### 30 June 2018

The municipality identified four incidents of fruitless and wasteful expenditure in this financial year. Reasonable steps were taken by management to address the control deficiency and the responsible official/s and were held accountable for any loss incurred by the municipality.

Incident 1 - The incorrect interpretation of disbursement of salaries, allowances and benefits to Councillors as stipulated in the Government Notice: Nr R313, Gazette nr. 40793, dated 3 April 2017. The total remuneration package of respective councillors was exceeded.	339 495	-
Incident 2 - An investigation indicated that an official was negligent in two accidents with a awring at the Moorreesburg and Vergelee maintenance campsite Vredenburg. The sanction was that the official will be held accountable for the costs incurred by the municipality.	2 377	-
Incident 3 - An investigation indicated that an official was negligent in a accident on the N7 between the Algeria junction and Clanwilliam involving a private vehicle. The sanction was that the official will be held accountable for the costs incurred by the municipality.	35 095	-
Incident 4 - An official resigned with insufficient leave to recover all outstanding costs owed to the municipality.	3 308	-
	<b>380 275</b>	-

### 31. Irregular expenditure

Opening balance	-	77 295
Add: Irregular Expenditure - current year	-	233 883
Less: Amounts condoned	-	(77 295)
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	-	<b>233 883</b>

### Details of irregular expenditure

#### Prior year - 2017

Incident 1 - The municipality did not comply with Section 36 of the Municipal Supply Chain Management Regulations that allows a municipality to deviate from procurement processes. Based on the reasoning and documentation provided, the deviation does not appear to be reasonable / justifiable to substantiate that it was impractical or uneconomical to follow the procurement processes. The saving provides no assurance that the best price available in the market was obtained.	-	233 883
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# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 32. Additional disclosure in terms of Municipal Finance Management Act

#### 32.1) Contributions to organised local government

Opening balance	-	-
Current year subscription / fee	1 506 747	1 377 464
Amount paid - current year	(1 506 747)	(1 377 464)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

#### 32.2) Audit fees

Opening balance	-	-
Current year subscription / fee	3 152 296	3 016 780
Amount paid - current year	(3 152 296)	(3 016 780)
Amount paid - previous years	-	-
<b>Balance unpaid (Included in creditors)</b>	<b>-</b>	<b>-</b>

#### 32.3) PAYE and UIF

Opening balance	-	-
Current year subscription / fee	25 029 042	22 977 743
Amount paid - current year	(25 029 042)	(22 977 743)
Amount paid - previous years	-	-
<b>Balance unpaid (Included in creditors)</b>	<b>-</b>	<b>-</b>

#### 32.4) Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	23 424 805	21 814 499
Amount paid - current year	(23 424 805)	(21 814 499)
Amount paid - previous years	-	-
<b>Balance unpaid (Included in creditors)</b>	<b>-</b>	<b>-</b>

#### 32.5) VAT

VAT payable	-	-
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VAT output payables and VAT input receivables are shown in note .

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

#### 32.6) Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018	Outstanding less than 90 days	Outstanding more than 90 days	Total
	-	-	-

# West Coast District Municipality

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## Notes to the Annual Financial Statements

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### 33. Capital Commitments

#### Authorised capital expenditure

Capital commitments are specific capital projects approved per tender and budget but still in progress at period end. The municipality does not have any capital commitments for this financial period.

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

### 34. 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 was :

Cape Joint Pension Fund	211 495	202 983
Cape Joint Retirement Fund	24 187 954	22 177 407
Councillors Pension Fund	-	35 698
	<b>24 399 449</b>	<b>22 416 088</b>

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

Multi employer funds are treated as defined contribution funds.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

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### 35. Related parties

#### Relationships

The following related parties exist :

Government departments

National Treasury  
Provincial Treasury  
Department of Water Affairs and Forestry  
D Joubert (Municipal Manager)

Members of key management - Refer to note 21 for the amounts payable to key management.

J Koekemoer (Chief Financial Officer)  
W Markus (Director - Corporate and Community services)

Councillors - Refer ton note 22 for the amounts paid to Councillors

H Matthee (Director - Technical services)  
Ald J H Cleophas (Executive Mayor)  
Cllr R W Strydom (Deputy Executive Mayor)  
Cllr R E Swarts (Speaker)  
Cllr J Meyer (Mayoral committee member)  
Ald B J Stanley (Mayoral committee member)  
Ald F J Schippers (Mayoral committee member)  
Cllr V D McQuire (Mayoral committee member)  
Cllr F Kamfer  
Cllr S A Gxabalashé  
Cllr J Daniels  
Cllr J Alexander  
Cllr N M Ngobo  
Cllr M Carosini  
Cllr J J Hoop  
Cllr N S Qunta  
Ald S I J Smit  
Cllr A J du Plooy  
Cllr E B Mankay  
Ald E Nackerdien  
Cllr M Schrader  
Cllr S M Scholtz  
Cllr B J Penxa  
Cllr N Smit  
Cllr R Skei  
Cllr G Stephan

The municipal manager (D Joubert) and the chief financial officer (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 127 and section 3 of division Malmesbury farm number 91. The transaction are disclosed below :

#### Related party balances

##### Grants received from related parties

National Treasury	89 528 743	86 602 991
Provincial Treasury	3 052 272	1 168 442
Department of Water Affairs and Forestry	1 009 836	1 033 951

##### Purchase of goods and services from related parties

Department of Water Affairs and Forestry	7 119 651	11 524 754
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##### Sub-Lease transaction from related parties

West Coast Financing Partnership	9 693 815	9 145 108
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# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 36. Leases

#### 36.1) Lease payable

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

a) Within one year of the reporting date	655 970	382 389
b) More than one year but less than five years of the reporting date.	274 654	265 577
	<b>930 624</b>	<b>647 966</b>

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

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

The municipality entered into an operating lease for the rental of two offices. The lease is between Swemmerspark and the municipality. The contract is for a period of two year. The property involved is site 86 Veldrift.

An operating lease exists between G R Damp and the municipality. The contract is for a month to month period. The property involved is Swawelberg, Malmesbury (Section 5 of farm 619 Malmesbury road).

An operating lease exists between SITA and the municipality. The contract is for a period of one year. This involves the maintenance of Microsoft software, products and services.

The municipality entered into a operating lease for the rental of storage capacity. 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 a operating lease for the rental of storage capacity. The lease is between Petersfield Trust and this municipality. The contract is for a month to month period. The property involved is erf 860 Langebaan.

The municipality entered into a operating lease for the rental of storage capacity. The lease is between Linu farms and this municipality. The contract is for a two year period. The property involved is Petersfield 455, Voortrekker Street, Cirtusdal, Section Clanwilliam..

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

The municipality entered into a operating lease with Business Engineering. The contract involves the collaborator foundation system and is for a 12 month period.

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

#### 36.2) Lease receivable

The total future minimum significant operating lease receivable under the existing operating lease arrangement are categorised as follows :

a) Within one year of the reporting date	304 217	304 217
b) More than one year but less than five years of the reporting date, and	1 419 677	1 521 083
c) More than five years	-	202 811
	<b>1 723 894</b>	<b>2 028 111</b>

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 perion of 10 years. The property involved is the Moorreesburg ambulance station situated on erf 641.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 37. Risk management and Financial instrument disclosure

#### Financial risk management

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 accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer 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 counterparty.

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 37. Risk management and Financial instrument disclosure (continued)

#### 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.

#### 37.1) 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 receivable	13 958 783	32 582 100
----------------------------	------------	------------

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

Current	13 805 044	32 314 709
30 Days	267 786	230 032
60 Days	44 798	57 641
90 Days	3 072	10 473
120 Days plus	8 299	6 813
Less : Provision for bad debt	(170 216)	(37 568)
	13 958 783	32 582 100

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

Balance at the beginning of the year	37 568	363 303
Contributions to provisions	151 196	17 342
Expenditure incurred	(18 548)	(343 077)
	170 216	37 568

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 asset.

#### 37.2) Liquidity risk

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

Non-derivative financial liabilities 2018	Carrying Amount	Contractual Cash Flows	Within 1 Year	2 - 5 Years	More than 5 Years
Unspent conditional grants and receipts	1 418 560	-	-	-	-
Long term liabilities	40 232 924	-	13 079 773	27 153 151	-
	41 651 484	-	13 079 773	27 153 151	-

#### 37.3) Interest rate risk

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 deposit investments, long term debtors, consumer debtors, other debtors and bank and cash balances. The municipality is exposed to interest rate risk as the municipality's borrowed funds is 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 Treasury at the reporting date. The municipality's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date are as follows :

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 37. Risk management and Financial instrument disclosure (continued)

#### Non-derivative financial assets 2018

	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other receivables (8.5%)	13 958 783	-	-
Cash and cash equivalents - Cash book balances (3.5% floating)	269 808 077	-	-
Asset receivable - Local municipalities	13 079 773	27 153 151	-
	<b>296 846 633</b>	<b>27 153 151</b>	-

#### Non-derivative financial liabilities 2018

	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other payables (Interest free)	30 447 785	-	-
Unspent conditional grants and receipts	1 418 560	-	-
Long term liabilities (12.54%, 11.73%, 8.60500%, 10.87%)	13 079 773	27 153 151	-
	<b>44 946 118</b>	<b>27 153 151</b>	-

#### 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 at 30 June would have had the equal but opposite effect on the above financial instruments, on the basis that all other variables remain constant. There were no changes in the municipality's approach from the prior year.

#### Non-derivative financial assets 2018

	Statement of Financial Position	Profit or loss
Trade and other receivables	13 958 783	139 588
Cash and cash equivalents - Cash book balances	269 808 077	2 698 081
Local municipalities obligation - asset receivable	40 232 924	402 330
	<b>323 999 784</b>	<b>3 239 999</b>

#### 37.4) Fair value

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.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

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### 38. Contingent liabilities

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 West Coast Builders (BK) amounting to R2 110 643 for the rendering of services starting in October 2014. The legal expert believe the municipality has a reasonable chance of success.

The municipality is being sued by J A Kock an ex-employee for injuries sustained while in the service of the municipality. 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 a minor (child). This case involves 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 advice. The case number is 6660/08. The legal expert believe the municipality has a reasonable chance of success. This is a High Court matter.

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

The municipality is being sued by Alfalfa Boerdery Trust. The case involves damages to property as a result of a fire on 3 January 2018. In terms of a provisional assessment done by Alfalfa Boerdery Trust, the damages on the farm De Rust amounts to R1 million. The matter is now in the hands of the insurers.

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

Based on the 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, the municipality did not disclose any amounts in the annual financial statements of any of the above applicants.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 39. Deviation from 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 accounting officer and includes a note to the annual financial statements.

Reasons are only provided for deviations above R100 000 in the annual financial statements. Reasons for deviations below R100 000 can be viewed at the supply chain management offices.

Linu Boerdery - Exceptional case and it is impractical or impossible to follow the official procurement processes.	123 854	-
Moutons Citrus (Edms) Bpk	30 277	-
JB's Truck (Pty) Ltd	2 104	-
Komatsu SA (Pty) Ltd	4 012	-
Barloworld Equipment	32 019	-
High Power Equipment Africa	10 647	-
Arch Actuarial Consulting	7 411	-
SSE Excelcom	17 996	-
Barloworld Equipment	15 195	-
Unisa	4 711	-
Reflect All Compressors	2 451	-
Cape Media Corporation	20 521	-
Business Engineering	60 649	-
Marcelle & Jannie Ellis	61 752	-
Saggues CC	71 821	-
Fintech	5 000	-
AMC International	6 500	-
Barloworld Equipment	14 615	-
DMISA	6 700	-
Bell Equipment	12 000	-
Effective Human Interventions	7 409	-
Metallurgical Testing Lab	6 012	-
Excelsior Flanges	3 988	-
600CT Manufacturing (Pty) Ltd	13 242	-
Take Note Trading 321	13 916	-
Metallurgical Testing Lab	17 783	-
Atlas Staalgeboue BK	3 988	-
High Power Equipment Africa	17 887	-
Fintech	5 000	-
Stellenbosch University	30 000	-
Stellenbosch University	30 000	-
Global Prospective Development	27 326	-
Bytes Universal Systems	2 850	-
Advanced Worx 112	27 178	-
Bytes Universal Systems	20 600	-
The Boardwalk Hotel	16 399	-
IMPISA	10 650	-
North - West University	30 000	-
Komatsu SA	11 125	-
Take Note Trading 321	16 336	-
Fintech	5 000	-
Talon Construction - Exceptional case and it is impractical or impossible to follow the official procurement processes.	116 509	-
Imperial Trucks	5 994	-
Working on Fire	69 432	-
Working on Fire - Emergency	197 257	-
Working on Fire	46 044	-
Working of Fire	89 545	-
Working on Fire	61 204	-

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>39. Deviation from supply chain management regulations (continued)</b>		
Fintech	5 000	-
C K Rumboli & Vennote - Exceptional case and it is impractical or impossible to follow the official procurement processes.	466 260	-
R J Consani	92 380	-
Working on Fire	61 203	-
Sivad Trading	18 500	-
Auma South Africa (Pty) Ltd	3 041	-
Working on Fire	61 997	-
Groter Cederberg Brandbeskerming	997	-
Groter Cederberg Brandbeskerming	2 730	-
Groter Cederberg Brandbeskerming	5 100	-
Groter Cederberg Brandbeskerming	7 565	-
Groter Cederberg Brandbeskerming	5 118	-
Working on Fire - Emergency	132 734	-
CSX Customer Services	2 257	-
Groter Cederberg Brandbeskerming	5 860	-
Masterreads t/a Trentyre Moorreesburg	2 142	-
Fintech	5 000	-
Exhibition Building Solutions	9 484	-
Fintech	2 169	-
Fintech	2 169	-
Vetties Maintenance & Cleaning	29 449	-
Vetties Maintenance & Cleaning	65 394	-
Valco Group SA	2 280	-
Babcock Equipment	6 995	-
Barloworld Equipment	28 590	-
Imperial Trucks	5 999	-
Continous Professional Development	12 517	-
Viking Pony Africa (Pty) Ltd - Emergency	118 297	-
Working on Fire - Emergency	141 147	-
Unisa	1 470	-
Unisa	26 449	-
Man Truck & Bus SA (Pty) Ltd	8 634	-
Working on Fire	95 552	-
Northlink College	5 050	-
Leadership Academy for Guardians of Governance	23 928	-
Institute of Fire Engineers	26 336	-
Fintech	5 000	-
Namibia Tourism Expo	40 244	-
Darling Security Services	34 947	-
Hazard Bonako Cape (Pty) Ltd	3 026	-
Hydro-Tech Systems	78 718	-
Valco Group SA	22 344	-
J J Hanekom Verkoeling & Herstelwerke	3 492	-
Bytes Universal Systems	11 877	-
Komatsu South Africa (Pty) Ltd	12 061	-
Unisa	9 400	-
Leadership Academy	19 990	-
Fintech	5 000	-
Darling Security Services (Pty) Ltd	47 710	-
WESGRO	34 680	-
Imperial Group - Hino Trucks	6 047	-
Bytes Universal Systems	43 572	-
Ignite Advisory Services (Pty) Ltd - Sole Supplier	163 300	-
Ignite Advisory Services (Pty) Ltd	80 960	-
Bytes Universal Systems	19 939	-
Sizonke Trading Cape Town (Pty) Ltd - Exceptional case and it is impractical to follow the official procurement processes.	136 083	-
Cubigenix (Pty) Ltd	3 565	-
Bytes Universal Systems	40 064	-
WESGRO	21 500	-

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>39. Deviation from supply chain management regulations (continued)</b>		
JB's Trucks	6 822	-
Moorreesburg Aircons	3 931	-
Darling Security Services (Pty) Ltd	85 941	-
SASFIN	3 144	-
Refelct All Compressors	2 627	-
SASFIN Commercial Solutions	5 000	-
JB's Nissan	6 565	-
JB's Nissan	6 617	-
Agrico Piketberg	18 030	-
Saldanha Diving and Blasting	5 750	-
Refelct All Compressors	47 231	-
Hazard Bonako Cape	2 459	-
Bytes Universal Systems - Sole Supplier	227 795	-
Wolter Kluwer Tax and Accounting	-	14 737
First Technology	-	52 989
Macnay CC	-	15 107
Drs Stander, van Heerden	-	15 000
Barloworld Equipment	-	8 752
Fintech	-	5 000
Mafoko Security Patrols	-	29 630
Perdeberg Motors	-	12 664
Skaarland Ingenieurswerke	-	4 251
Bell Equipment	-	17 487
Wolter Kluwer Tax and Accounting	-	57 884
Bytes Universal System - 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.	-	196 365
Ramsay, Son & Parker	-	5 991
Fintech	-	5 000
The Conference Company	-	4 000
Barloworld Equipment	-	10 534
Barloworld Equipment	-	9 335
Global Africa Network - Goods or service 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.	-	233 884
M C Bakwerke	-	5 190
Intec College (Pty) Ltd	-	15 500
Van Schaik Bookstore	-	2 110
Unisa	-	3 525
Golden Rewards 1873 CC	-	2 520
Future Managers	-	1 580
DMISA	-	6 100
Barloworld Equipment	-	5 361
Fintech	-	5 000
Pex Hydraulics	-	22 613
A C Pneumatics	-	6 534
Business Engineering	-	60 648
Barloworld Equipment	-	8 737
Fintech	-	5 000
Barloworld Equipment	-	16 458
Henfred Fruehauf Trailers (Pty) Ltd	-	9 758
Interactive Trading 498 CC	-	43 164
Fintech	-	5 000
Barloworld Equipment	-	24 620
Bytes Universal Systems	-	5 400

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>39. Deviation from supply chain management regulations (continued)</b>		
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 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.	-	265 000
South African Institute for Environmental Health	-	4 000
Bytes Universal Systems	-	4 365
Exhibitions	+	9 276
Working on fire	+	33 437
Working on fire	-	24 439
Groter Cederberg Brandbeskerming	-	2 643
Working for water	-	4 464
Barloworld Equipment	-	9 331
B Hare Plumers and Renovations	+	6 500
Engine & Gearbox Master	-	29 518
Ezyed - 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 impracticable or uneconomical to acquire additional similar goods or services from another supplier or service provider.	-	569 457
Namibia Tourism Expo	-	20 253
High Power Equipment Africa	-	7 553
A C Pneumatics	-	12 752
Labour Guide	-	2 190
Telkom SA Limited	-	3 471
Tour and Safari Association of Namibia	-	3 848
Working on fire	-	2 514
Fintech	-	2 500
Perdeberg Motors	-	2 706
Fire Raiders	-	13 678
F E S Manufacturing	+	28 464
West Coast Communications	+	3 393
De Kock Paneelkloppers	+	13 965
Barloworld Equipment	+	24 120
C K Rumboll & Vennote - Exceptional case and it is impractical or impossible to follow the official procurement processes.	+	1 083 056
Bytes Universal Systems	+	50 560
Expo Studio Namibia CC	+	6 615
Wesgro	+	21 409
PSA Africa	+	2 588
SAACE	-	4 104
Working on fire	-	2 679
Groter Cederberg FPA	-	3 362
Working on fire	-	7 495
Working on fire	-	60 362
Groter Cederberg FPA	-	3 298
Fintech	+	5 000
CSX Customer Services	+	2 246
K2T Agencies	+	2 900
DHT Wired	-	29 600
Barloworld Equipment	-	16 956
Komatsu SA	-	19 789
Perdeberg Motors	-	3 914
SALGA	-	17 571
T & F Construction	-	49 476
Juno Corp	-	11 998
ICASA	-	6 511
Fintech	-	5 000



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018      2017

### 39. Deviation from supply chain management regulations (continued)

**4 168 133      3 473 754**

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 or 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.

Siphenkosi Protection Services - Mr I Classen - Bergriver Municipality - Clerk	-	95 260
Global Africa Network - Mr S Mabotja - Department of Agriculture - Director	233 884	233 884
Aurecon South Africa (Pty) Ltd - Ms T Majola - Member	-	288 000
Price Waterhouse Coopers Inc - Mr O Latiff, Shirley Machaba and Surech Kana - Members	-	190 136
IOMU Trading (Pty) Ltd - Mrs A Appollis - Department of Correctional Services - In-service training	-	228 590
African Oxygen Limited - Nomfundo Qangule - Goega Development Corporation - Employee	87 760	122 366
M C Bakwerke - Mrs R Mckrieling - West Coast District Municipality - Clerk	23 847	32 809
Global Credit Rating Co - Mr M Ngoasheng - Coega Development Corporation - Non-executive director	171 000	131 100
Sivad Trading (Pty) Ltd - Mrs Y Davis Michaels - Department of International Relations - Clerk	54 247	78 801
Blackbird Trading CC - Mrs M Smit - Swartland Municipality - Snr Clerk	11 000	44 800
Golden Rewards 1873 CC - Mr R de Jager - WC : Department of Education - Teacher	33 430	32 250
Ithuba Industries - Mrs De Morney - Sir Lowry's Pass Primary - Teacher	13 778	44 232
Piston Power Chemicals CC - Mrs N Andhee - KZN Department of Education - Teacher	-	6 288
JB's Nissan - Mr R Kortje - Department of Education - Teacher	68 221	31 493
JB's Nissan - Mr R Kortje - Department of Education - Teacher	45 405	68 972
Massive Quantum (Pty) Ltd - Mrs F Hendricks - City of Cape Town - Employee	246 740	175 630
ISPY Trade (Pty) Ltd - Mrs N Lebuso - Department of Education Free State	-	243 151
Kemanzi (Pty) Ltd - Mr J N du Toit - Traffic Officer	-	194 490
Extreme Boards (Pty) Ltd - Mrs A Matthyse - Director	150	4 225
Anka Spyseniering - Mr A Frans - West Coast District Municipality - Employee	4 300	-
D J Vibrations - Mrss H & M Lakey - Close Corporation - Members	2 500	-
Exone Oil Purification - Financial and Fiscal Commission - Employee	32 750	-
Euraf Agencies CC - Mrs R Fourie - Employee	26 040	-
Ladybugs Innovative Marketing (Pty) Ltd - Mr R Levendal - Employee	29 199	-
Bubbles Household Chemicals - Miss C Pieters - Employee	21 470	-
Blue Planet Trading (Pty) Ltd - Mr W de Kock - Employee	491 972	-
	<b>1 597 693</b>	<b>2 246 477</b>

### 40. Reticulation Losses

#### Water

Kiloliters purchased - after purification  
Kiloliters sold

17 161 596      22 580 836  
(16 397 437)      (21 976 300)

#### Reticulation loss

**764 159      604 536**

Percentage

4.45%      2.68%

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

#### Electricity

No electricity losses were incurred.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>41. Reconciliation between budget and statement of financial performance</b>		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance. Please refer to appendix A for more detailed disclosures.		
<b>Net surplus per the statement of financial performance</b>		
<b>Adjusted for :</b>	(9 600 512)	48 780 670
<b>Accounts exceeding budget</b>	-	-
Service charges	-	(1 576 176)
Investment revenue	(7 868 713)	(12 064 317)
Resort income	(1 192 858)	(162 749)
Other own revenue	(835 048)	(2 696 928)
Interest on debtors	(63 143)	(4 415)
Transfers recognised - operational	36 697	-
<b>Accounts not exceeding budget</b>	-	-
Service charges	21 348 877	-
Employee costs	(3 489 306)	(4 939 100)
Finance charges	(2 980 829)	(2 022 442)
Agency services	5 556 111	2 877 401
Licence and permits	(105 465)	20 000
Transfers recognised - operational	-	1 416 620
Bulk purchases	12 985 257	(1 576 503)
Debt impairment	(1 395 303)	(787 500)
Depreciation and asset impairment	(5 792 077)	(6 950 263)
Other expenditure	21 492 423	(16 437 877)
Other material	(25 604 286)	(2 864 896)
<b>Accounts not budget for</b>	-	-
Actuarial gain on road receivable	-	526 821
Loss on disposal of asset and liabilities	-	1 144 954
	<b>2 491 825</b>	<b>2 683 300</b>
<b>42. Road services</b>		
Revenue recognised	128 521 889	120 592 599
<b>43. Actuarial gains recognised - employee benefits</b>		
Long service awards	-	702 556
Medical aid benefits	2 902 225	6 093 505
Roads receivable	1 267 886	-
	<b>4 170 111</b>	<b>6 796 061</b>
<b>44. Finance income</b>		
Short-term investments	18 816 009	17 906 148
Primary bank account	2 937 454	2 820 669
Other interest	-	-
	<b>21 753 463</b>	<b>20 726 817</b>
<b>45. Allowance for impairment</b>		
Other receivables from exchange transactions	151 197	-
Trade receivables from exchange transactions	-	-
	<b>151 197</b>	<b>-</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

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### 46. Repairs and maintenance

In accordance with GRAP 17 paragraph 88 and 89 the municipality shall separately disclose expenditure incurred to repair and maintain property, plant and equipment in the notes to the financial statements. Below are repairs and maintenance per asset class and nature :

Repairs and maintenance per asset class	Buildings	Infrastructure	Other	Total - 30 June 2018
Water reticulation	-	1 656 529	-	1 656 529
Buildings	1 398 115	-	-	1 398 115
Computer equipment	-	-	1 290	1 290
Machinery and equipment	-	-	4 356 587	4 356 587
Transport assets	-	-	1 147 363	1 147 363
	<b>1 398 115</b>	<b>1 656 529</b>	<b>5 505 240</b>	<b>8 559 884</b>

The repairs and maintenance expenses for the year amounts to R55 752 626, R47 192 742 of the amount pertains to the cost of repairs incurred on the provincial roads in terms of a signed agreement between the Department of Transport and Public works on an agency basis. The remaining R8 559 884 pertains to repair cost incurred to the municipal assets as depicted in the note above.

Repairs and maintenance per asset class	Buildings	Infrastructure	Other	Total - 30 June 2017
Internal roads - Water services	-	22 113	-	22 113
Water reticulation	-	8 807 860	-	8 807 860
Buildings	1 437 929	-	-	1 437 929
Computer equipment	-	-	6 278	6 278
Furniture and office equipment	-	-	46 242	46 242
Machinery and equipment	-	-	1 365 283	1 365 283
Transport assets	-	-	955 720	955 720
	<b>1 437 929</b>	<b>8 829 973</b>	<b>2 373 523</b>	<b>12 641 425</b>

The repairs and maintenance expense for the year amounts to R59 401 766, R46 760 341 of the amount pertains to the cost of repairs incurred on the provincial roads in terms of a signed agreement between the Department of Transport and Public works on an agency basis. The remaining R12 641 425 pertains to repair cost incurred to the municipal assets as depicted in the note above.

### 47. Materials and supplies

Materials	37 259 483	44 553 196
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### 48. Fees earned

Environmental health certificates and trading	316 766	158 362
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### 49. Transfers and subsidies

Farmer support house	1 567 071	1 167 207
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## West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>50. Asset receivable - local municipalities</b>		
Balance as at 1 July	57 246 151	73 722 803
Decrease in receivable	(17 013 227)	(16 476 652)
	<b>40 232 924</b>	<b>57 246 151</b>
Current portion of the asset receivable - local municipalities	13 079 773	17 003 568
Non-current portion of the asset receivable - local municipalities	27 153 151	40 242 583
	<b>40 232 924</b>	<b>57 246 151</b>

The asset receivable relates to the water service concession arrangement. Refer to note 14 for the liability disclosures.

## West Coast District Municipality

### Appendix A

June 2018

## Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2018

	Act. Bal.	Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var
<b>Revenue</b>				
Service charges	94 340 303	115 689 180	(21 348 877)	(18,5) Water restrictions higher than expected
Rental of facilities and equipment	3 643 288	2 450 430	1 192 858	48,7 Reservations increase at the holiday resort
Interest received - Investments	21 753 463	13 884 750	7 868 713	56,7 higher level of cash this financial year
Interest received - Debtors received	96 203	33 060	63 143	191,0 higher level of debt recovery
Agency services	128 521 889	134 078 000	(5 556 111)	(4,1)
Licences and permits	316 765	211 300	105 465	49,9 more licences issued than expected
Transfers recognised - operating	93 566 169	93 602 866	(36 697)	-
Transfers recognised - capital	1 450 000	1 450 000	-	-
Other revenue	6 331 458	5 496 410	835 048	15,2 Increase in rental for housing provided to personnel in the Water services department and actuarial gains recognised
	350 019 538	366 895 996	(16 876 458)	(4,6)
<b>Expenses</b>				
Employee costs	(164 790 940)	(168 219 542)	3 428 602	(2,0)
Remuneration of councillors	(5 942 246)	(6 002 950)	60 704	(1,0)
Debt impairment	(151 197)	(1 546 500)	1 395 303	(90,2) Less debt written-off than expected
Depreciation and asset impairment	(8 126 753)	(13 918 830)	5 792 077	(41,6) Water assets transferred to the Local Municipalities
Finance charges	(5 474 311)	(8 455 140)	2 980 829	(35,3) Loan not taken up due to the transfer of water assets to the Local Municipalities.
Other materials	(37 259 483)	(62 863 769)	25 604 286	(40,7) Difference between GRAP and mSCOA
Bulk purchases	(24 132 877)	(11 147 620)	(12 985 257)	116,5 Water assets transfer - service concession arrangement
Transfers and subsidies	(1 567 071)	(2 615 888)	1 048 817	(40,1) Less subsidies provided than expected
General Expenses	(112 175 172)	(89 633 932)	(22 541 240)	25,1 Difference between GRAP and mSCOA
	(359 620 050)	(364 404 171)	4 784 121	(1,3)

**West Coast District Municipality**

**Appendix A**

June 2018

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2018**

	<b>Act. Bal.</b>	<b>Adjusted budget</b>	<b>Variance</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
Net surplus/ (deficit) for the year	(9 600 512)	2 491 825	(12 092 337)	(485,3)

Unaudited schedule:

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/2018						2016/2017								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Original Budget	Budget Adjustments (i.Lo.s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.Lo.s31 of the MFMA)	Virement (i.Lo. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
<b>Revenue - Standard</b>															
<i>Governance and administration</i>															
Executive and council	88,665	806	89,474	-	-	89,474	110,302	-	21,028	123.50	124.82	-	-	-	96,618
Budget and treasury office	240	33	273	-	-	273	224	-	(49)	82.16	83.40	-	-	-	1,437
Corporate services	88,428	773	89,201	-	-	89,201	110,145	-	20,944	123.48	124.56	-	-	-	94,688
<i>Community and public safety</i>															
Community and social services	26,637	(3,026)	23,611	-	-	23,611	23,707	-	86	100.41	88.00	-	-	-	512
Sport and recreation	4,503	-	4,503	-	-	4,503	3,843	-	(860)	-	-	-	-	-	3,619
Public safety	13,390	(4,299)	9,091	-	-	9,091	9,985	-	904	108.98	74.63	-	-	-	-
Housing	8,754	1,274	10,027	-	-	10,027	10,079	-	51	100.51	115.14	-	-	-	12,765
Health	118,543	18,563	138,106	-	-	138,106	122,127	-	(15,980)	88.43	103.02	-	-	-	1,923
<i>Economic and environmental services</i>															
Planning and development	2,553	(1,145)	1,408	-	-	1,408	756	-	(653)	-	-	-	-	-	9,128
Road transport	115,990	20,708	138,698	-	-	138,698	121,371	-	(15,327)	88.79	104.84	-	-	-	122,339
Environmental protection	122,165	(8,461)	115,704	-	-	115,704	93,864	-	(22,020)	80.97	76.69	-	-	-	57
<i>Trading services</i>															
Electricity	122,165	(8,461)	115,704	-	-	115,704	93,864	-	(22,020)	80.97	76.69	-	-	-	115,845
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>															
<b>Total Revenue - Standard</b>	<b>356,914</b>	<b>10,882</b>	<b>366,866</b>			<b>366,866</b>	<b>350,020</b>		<b>(16,876)</b>	<b>95.40</b>	<b>88.32</b>				<b>362,234</b>
<b>Expenditure - Standard</b>															
<i>Governance and administration</i>															
Executive and council	21,906	34,274	56,179	-	-	56,179	49,614	-	(6,565)	88.31	226.49	-	-	-	48,882
Budget and treasury office	15,221	(3,271)	11,950	-	-	11,950	12,164	-	214	101.79	79.91	-	-	-	20,844
Corporate services	6,684	35,936	42,621	-	-	42,621	30,771	-	(11,849)	72.20	480.35	-	-	-	16,206
<i>Community and public safety</i>															
Community and social services	85,849	(26,038)	59,811	-	-	59,811	64,211	-	(4,400)	97.57	74.80	-	-	-	12,042
Sport and recreation	2,863	(621)	2,241	-	-	2,241	1,852	-	(389)	73.73	57.72	-	-	-	67,660
Public safety	6,802	(1,477)	5,325	-	-	5,325	5,011	-	(314)	94.10	73.67	-	-	-	4,619
Housing	46,227	(12,894)	33,333	-	-	33,333	34,560	-	1,170	103.51	74.64	-	-	-	40,184
Health	29,957	(5,048)	24,911	-	-	24,911	23,045	-	(1,867)	92.51	76.93	-	-	-	1,139
<i>Economic and environmental services</i>															
Planning and development	130,554	4,416	134,964	-	-	134,964	129,357	-	(5,607)	95.85	99.08	-	-	-	21,718
Road transport	118,476	5,823	124,099	-	-	124,099	121,287	-	(2,813)	97.73	102.37	-	-	-	110,976
Environmental protection	111,536	(7,331)	104,205	-	-	104,205	113,410	-	9,208	108.83	101.68	-	-	-	82,773
<i>Trading services</i>															
Electricity	111,536	(7,331)	104,205	-	-	104,205	113,410	-	9,208	108.83	101.68	-	-	-	82,773
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>															
Other	4,145	(900)	3,245	-	-	3,245	3,027	-	(218)	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>353,999</b>	<b>10,415</b>	<b>364,404</b>			<b>364,404</b>	<b>359,820</b>		<b>(4,784)</b>	<b>98.69</b>	<b>101.59</b>				<b>313,453</b>
<b>Surplus/(Deficit) for the year</b>	<b>2,025</b>	<b>487</b>	<b>2,482</b>			<b>2,482</b>	<b>(9,801)</b>		<b>(12,952)</b>	<b>0</b>	<b>0</b>				<b>48,781</b>

Unaudited schedule:

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2017/2018										2016/2017				
	Original Budget	Budget Adjustments (I.L.O. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (I.L.O. s31 of the MFMA)	Virement (I.L.O. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balances to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Revenue by Vote</b>															
Vote 1 - EXECUTIVE AND COUNCIL	240	1,717	1,957	-	-	1,957	980	-	(977)	50.10	407.95	-	-	-	1,494
Vote 2 - FINANCE	89,835	422	90,257	-	-	90,257	113,788	-	23,531	126.07	126.66	-	-	-	98,287
Vote 3 - ADMINISTRATION	22,158	(3,960)	18,198	-	-	18,198	20,186	-	1,988	110.98	91.14	-	-	-	22,402
Vote 4 - TECHNICAL	127,790	(5,451)	122,339	-	-	122,339	93,664	-	(28,655)	78.58	73.31	-	-	-	117,788
Vote 5 - AGENCIES	115,990	18,155	134,145	-	-	134,145	121,371	-	(12,774)	90.48	104.64	-	-	-	122,282
Vote 6 - [NAME OF VOTE 6]															
Vote 7 - [NAME OF VOTE 7]															
Vote 8 - [NAME OF VOTE 8]															
Vote 9 - [NAME OF VOTE 9]															
Vote 10 - [NAME OF VOTE 10]															
Vote 11 - [NAME OF VOTE 11]															
Vote 12 - [NAME OF VOTE 12]															
Vote 13 - [NAME OF VOTE 13]															
Vote 14 - [NAME OF VOTE 14]															
Vote 15 - [NAME OF VOTE 15]															
<b>Total Revenue by Vote</b>	<b>358,014</b>	<b>10,882</b>	<b>368,896</b>	<b>-</b>	<b>-</b>	<b>368,896</b>	<b>350,020</b>	<b>-</b>	<b>(16,876)</b>	<b>95.40</b>	<b>98.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>362,234</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - EXECUTIVE AND COUNCIL	34,436	(4,750)	29,686	-	-	29,686	23,261	-	(6,425)	78.36	67.55	-	-	-	23,796
Vote 2 - FINANCE	2,129	29,243	31,371	-	-	31,371	35,783	-	4,411	114.06	1,661.00	-	-	-	20,462
Vote 3 - ADMINISTRATION	79,071	(11,461)	67,610	-	-	67,610	66,879	-	(1,731)	97.44	83.32	-	-	-	73,944
Vote 4 - TECHNICAL	122,430	(8,366)	114,062	-	-	114,062	113,410	-	(652)	99.43	92.63	-	-	-	85,004
Vote 5 - AGENCIES	115,923	5,751	121,674	-	-	121,674	121,287	-	(387)	99.68	104.63	-	-	-	110,227
Vote 6 - [NAME OF VOTE 6]															
Vote 7 - [NAME OF VOTE 7]															
Vote 8 - [NAME OF VOTE 8]															
Vote 9 - [NAME OF VOTE 9]															
Vote 10 - [NAME OF VOTE 10]															
Vote 11 - [NAME OF VOTE 11]															
Vote 12 - [NAME OF VOTE 12]															
Vote 13 - [NAME OF VOTE 13]															
Vote 14 - [NAME OF VOTE 14]															
Vote 15 - [NAME OF VOTE 15]															
<b>Total Expenditure by Vote</b>	<b>353,989</b>	<b>10,415</b>	<b>364,404</b>	<b>-</b>	<b>-</b>	<b>364,404</b>	<b>358,620</b>	<b>-</b>	<b>(4,784)</b>	<b>98.69</b>	<b>101.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>313,453</b>
<b>Surplus/(Deficit) for the year</b>	<b>2,025</b>	<b>467</b>	<b>2,492</b>	<b>-</b>	<b>-</b>	<b>2,492</b>	<b>(8,601)</b>	<b>-</b>	<b>(12,092)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,781</b>



Unaudited schedule:  
Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/2018						2016/2017								
	Original Budget	Budget Adjustments (i.L.o. c28 and c31 of the MFMA)	Final adjustments budget	Shifting of funds (i.L.o. c31 of the MFMA)	Virement (i.L.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Revenue By Source</b>															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	728	-	728	-	-	728	747	-	19	102,62	-	-	-	678	
Service charges - water revenue	122,148	(7,331)	114,818	-	-	114,818	92,812	82	(22,007)	80,83	75,98	-	-	112,799	
Service charges - sanitation revenue	83	-	83	-	-	83	82	82	(1)	98,36	99,36	-	-	146	
Service charges - refuse revenue	60	-	60	-	-	60	60	60	-	99,02	99,02	-	-	737	
Service charges - other	-	-	-	-	-	-	640	-	-	-	-	-	-	-	
Rental of facilities and equipment	2,450	-	2,450	-	-	2,450	3,643	-	1,193	148,68	148,68	-	-	3,487	
Interest earned - external investments	13,885	-	13,885	-	-	13,885	21,753	-	7,868	158,87	158,87	-	-	20,727	
Interest earned - outstanding debtors	57	(24)	33	-	-	33	96	-	63	281,00	187,83	-	-	33	
Actual gains recognised Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	6	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licenses and permits	211	-	211	-	-	211	317	-	105	148,91	148,91	-	-	-	
Agency services	115,923	18,155	134,078	-	-	134,078	128,522	-	(5,556)	110,87	110,87	-	-	120,593	
Transfers recognised - operational	90,115	3,488	93,603	-	-	93,603	93,568	-	(37)	99,96	103,83	-	-	88,917	
Other revenue	8,885	(3,005)	5,480	-	-	5,480	6,331	-	842	115,33	71,18	-	-	14,177	
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>354,564</b>	<b>10,382</b>	<b>365,446</b>	<b>-</b>	<b>-</b>	<b>365,440</b>	<b>340,570</b>	<b>-</b>	<b>(17,509)</b>	<b>95,38</b>	<b>88,31</b>	<b>-</b>	<b>-</b>	<b>362,234</b>	
<b>Expenditure By Type</b>															
Employee related costs	188,071	149	188,220	-	-	188,220	184,791	-	(3,429)	97,96	98,05	-	-	155,578	
Remuneration of councillors	6,003	-	6,003	-	-	6,003	5,942	-	(61)	98,99	98,99	-	-	5,447	
Debt impairment	1,547	-	1,547	-	-	1,547	151	-	(1,396)	-	-	-	-	-	
Depreciation & asset impairment	13,919	-	13,919	-	-	13,919	8,127	-	(5,792)	58,39	58,39	-	-	7,866	
Finance charges	8,455	-	8,455	-	-	8,455	6,474	-	(1,981)	64,75	64,75	-	-	7,278	
Bulk purchases	11,148	-	11,148	-	-	11,148	24,133	-	12,985	216,48	216,48	-	-	8,723	
Other materials	62,244	619	62,864	-	-	62,864	37,259	-	(25,604)	59,27	59,86	-	-	44,533	
Contracted services	20,118	8,379	28,497	-	-	28,497	26,595	-	(1,902)	-	-	-	-	-	
Transfers and grants	350	2,286	2,616	-	-	2,616	1,587	-	(1,049)	139,98	150,79	-	-	1,187	
Other expenditure	56,755	4,382	61,137	-	-	61,137	85,580	-	24,443	-	-	-	-	81,917	
Loss on disposal of PPE	5,380	(5,380)	-	-	-	-	-	-	-	-	-	-	-	1,146	
<b>Total Expenditure</b>	<b>353,989</b>	<b>10,415</b>	<b>364,404</b>	<b>-</b>	<b>-</b>	<b>364,404</b>	<b>359,820</b>	<b>-</b>	<b>(4,784)</b>	<b>96,69</b>	<b>101,59</b>	<b>-</b>	<b>-</b>	<b>319,453</b>	
Surplus/(Deficit)	575	467	1,042	-	-	1,035	(11,051)	-	(12,725)	(1,067,33)	(1,923,33)	-	-	48,781	
Transfers recognised - capital	1,450	-	1,450	-	-	1,450	1,450	-	-	-	-	-	-	-	
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2,025</b>	<b>467</b>	<b>2,492</b>	<b>-</b>	<b>-</b>	<b>2,485</b>	<b>(9,601)</b>	<b>-</b>	<b>(12,725)</b>	<b>(386,28)</b>	<b>(474,20)</b>	<b>-</b>	<b>-</b>	<b>48,781</b>	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after taxation	2,025	467	2,492	-	-	2,485	(9,601)	-	(12,725)	(386,28)	(474,20)	-	-	48,781	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>	<b>2,025</b>	<b>467</b>	<b>2,492</b>	<b>-</b>	<b>-</b>	<b>2,485</b>	<b>(9,601)</b>	<b>-</b>	<b>(12,725)</b>	<b>(386,28)</b>	<b>(474,20)</b>	<b>-</b>	<b>-</b>	<b>48,781</b>	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) for the year</b>	<b>2,025</b>	<b>467</b>	<b>2,492</b>	<b>-</b>	<b>-</b>	<b>2,485</b>	<b>(9,601)</b>	<b>-</b>	<b>(12,725)</b>	<b>(386,28)</b>	<b>(474,20)</b>	<b>-</b>	<b>-</b>	<b>48,781</b>	

Unaudited schedule:  
Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2017/2018					2016/2017					Residual Audited Outcome				
	Original Budget	Budget Adjustments (i.e. 20 and 51 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. 51 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 35 of MFMA	Balances to be recovered
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Capital expenditure - Vote Multi-year expenditure</b>															
Vote 1 - EXECUTIVE AND COUNCIL	8		8			8	8			8	8				
Vote 2 - FINANCE	317		317			317	317			317	317				
Vote 3 - ADMINISTRATION	5,395		5,395			5,395	4,281		(1,114)	79,34	79,34				
Vote 4 - TECHNICAL															
Vote 5 - AGENCIES															
Vote 6 - (NAME OF VOTE 6)															
Vote 7 - (NAME OF VOTE 7)															
Vote 8 - (NAME OF VOTE 8)															
Vote 9 - (NAME OF VOTE 9)															
Vote 10 - (NAME OF VOTE 10)															
Vote 11 - (NAME OF VOTE 11)															
Vote 12 - (NAME OF VOTE 12)															
Vote 13 - (NAME OF VOTE 13)															
Vote 14 - (NAME OF VOTE 14)															
Vote 15 - (NAME OF VOTE 15)															
Capital multi-year expenditure sub-total	5,720		5,720			5,720	4,372		(1,348)	0	0				
<b>Single-year expenditure</b>															
Vote 1 - EXECUTIVE AND COUNCIL	168	(8)	160			160	155		(5)	97,03	92,41				8
Vote 2 - FINANCE	225	(11)	214			214	200		(14)	80,69	80,24				477
Vote 3 - ADMINISTRATION	3,963	(817)	3,146			3,065	3,253		188	105,43	83,35				2,714
Vote 4 - TECHNICAL	4,689	(4,524)	165			145	146			100,00	3,12				7,452
Vote 5 - AGENCIES															
Vote 6 - (NAME OF VOTE 6)															
Vote 7 - (NAME OF VOTE 7)															
Vote 8 - (NAME OF VOTE 8)															
Vote 9 - (NAME OF VOTE 9)															
Vote 10 - (NAME OF VOTE 10)															
Vote 11 - (NAME OF VOTE 11)															
Vote 12 - (NAME OF VOTE 12)															
Vote 13 - (NAME OF VOTE 13)															
Vote 14 - (NAME OF VOTE 14)															
Vote 15 - (NAME OF VOTE 15)															
Capital single-year expenditure sub-total	6,065	(5,350)	715			3,614	3,244		(370)	103,32	41,85				10,652
<b>Total Capital Expenditure - Vote</b>	11,785	(5,350)	6,435			9,335	8,108		(1,468)	55,84	55,84				10,652
<b>Capital Expenditure - Standard</b>															
Government and Administration	339	(27)	312			311	230		(82)	73,70	67,81				578
Finance and audit	150		150			150	146		(4)						8
Budget and treasury affairs	169	(27)	142			161	53		(76)						582
Corporate services															
Community and public safety	4,173	(429)	3,744			3,709	3,433		(276)	#DIV/0!	#DIV/0!				2,880
Community and social services	32		32			328	151		(177)	52,77	52,27				118
Sport and recreation	148		174			174	180		6	55,21	55,42				
Public safety	3,047		3,047			3,047	2,927		(120)	95,08	95,08				2,889
Health															
Health	651	(600)	51			151	144		(7)	95,72	22,19				75
Economic and environmental services	10		10			10	9		(1)						
Planning and development	10		10			10	9		(1)						
Road transport															
Employment promotion															
Transport services	4,435	(970)	3,465			3,305	4,426		(699)	53,43	59,80				7,452
Electricity	4,435	(970)	3,465			3,305	4,426		(699)	53,43	59,80				7,452
Water															
Waste water management															
Waste management															
Other	8		8			8	8								
<b>Total Capital Expenditure - Standard</b>	8,965	(370)	8,595			8,325	8,108		(1,229)	88,84	59,42				10,652
<b>Funded by:</b>															
National Government						1,450	1,450								
Provincial Government															
District Municipality															
Other transfers and grants															
Transfers recognised - capital						1,450	1,450								
Public contributions & donations															
Borrowing															
Internally generated funds	7,510	(370)	7,140			7,895	6,658		(1,229)	84,41	68,57				10,652
<b>Total Capital Funding</b>	8,965	(370)	8,595			8,325	8,108		(1,229)	88,84	59,42				10,652

Unaudited schedule:  
Reconciliation of Table A7 Budgeted Cash Flows

Description	2017/2018						2016/2017				
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome		
	1	2	3	6	7	9	10	11	12		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Service charges	123,020	(7,331)	115,689	115,689	94,340	(21,349)	81.55	76.69	114,321		
Government - operating	90,115	3,488	93,603	93,603	92,116	(1,487)	98.41	102.22	88,917		
Government - capital	1,450	-	1,450	1,450	1,450	-	100.00	100.00	-		
Other revenue	127,486	14,726	142,212	142,212	177,269	35,057	124.65	139.05	111,869		
Interest	13,942	-	13,942	13,942	21,753	7,811	-	-	20,727		
Dividends	-	-	-	-	-	-	-	-	-		
Payments											
Suppliers and employees	(320,507)	(12,078)	(332,585)	(332,585)	(319,465)	13,120	96.06	99.68	(294,886)		
Finance charges	(12,287)	3,832	(8,455)	(8,455)	(5,474)	2,981	64.75	44.55	(7,276)		
Transfers and Grants	(350)	(2,266)	(2,616)	(2,616)	(1,567)	1,049	-	-	-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>22,870</b>	<b>370</b>	<b>23,240</b>	<b>23,240</b>	<b>60,422</b>	<b>37,182</b>	<b>260.00</b>	<b>264.20</b>	<b>33,671</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE	-	-	-	-	61	-	-	-	176		
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-		
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-		
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-		
Payments											
Capital assets	(8,965)	(370)	(9,335)	(9,335)	(8,096)	1,239	86.73	90.31	(10,836)		
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(8,965)</b>	<b>(370)</b>	<b>(9,335)</b>	<b>(9,335)</b>	<b>(8,035)</b>	<b>1,239</b>	<b>86.08</b>	<b>89.63</b>	<b>(10,660)</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans	-	-	-	-	-	-	-	-	-		
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-		
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-		
Payments											
Repayment of borrowing	(9,299)	-	(9,299)	(9,299)	(17,013)	(7,715)	182.96	182.96	(15,492)		
Finance lease payments	-	-	-	-	-	-	-	-	-		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(9,299)</b>	<b>-</b>	<b>(9,299)</b>	<b>(9,299)</b>	<b>(17,013)</b>	<b>(7,715)</b>	<b>182.96</b>	<b>182.96</b>	<b>(15,492)</b>		
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>4,606</b>	<b>0</b>	<b>4,606</b>	<b>4,606</b>	<b>35,374</b>	<b>30,768</b>	<b>-</b>	<b>-</b>	<b>7,519</b>		
Cash/cash equivalents at the year begin:	226,915	-	226,915	226,915	234,434	7,519	-	-	226,915		
Cash/cash equivalents at the year end:	231,521	0	231,521	231,521	269,808	38,287	-	-	234,434		

**West Coast District Municipality**  
**Appendix B**  
 June 2018

**Analysis of property, plant and equipment as at 30 June 2018**  
**Cost/Revaluation**  
**Accumulated depreciation**

	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification on Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	26 760 390	-	-	-	-	-	26 760 390	-	-	-	-	-	-	26 760 390
<b>Infrastructure</b>														
Electricity supply / reticulation	372 715	-	1 258 740	(119 731)	-	-	372 715	(93 065)	-	(9 232)	-	-	(102 297)	270 418
Mini sub stations	3 663	-	-	-	-	-	3 663	(1 067)	-	(92)	-	-	(1 159)	2 504
Pump stations	14 289	-	-	-	-	-	14 289	(4 833)	-	(357)	-	-	(5 190)	9 099
Reservoirs	3 328	-	-	-	-	-	3 328	(1 583)	-	(133)	-	-	(1 686)	1 642
Electric panels	44	-	-	-	-	-	44	(13)	-	(1)	-	-	(14)	30
Electricity perimeter protection	53 529	-	-	-	-	-	53 529	(21 946)	-	(2 141)	-	-	(24 087)	29 442
Other	174 039	-	-	-	-	-	174 039	(37 803)	-	(2 006)	-	-	(13 495)	1 299 549
	<b>621 607</b>		<b>1 258 740</b>	<b>(119 731)</b>			<b>1 760 616</b>	<b>(160 280)</b>		<b>(13 962)</b>		<b>26 310</b>	<b>(147 932)</b>	<b>1 612 684</b>
<b>Community Assets</b>														
Residences (Personnel)	1 559 601	-	-	-	-	-	1 559 601	(385 831)	-	(51 926)	-	-	(437 757)	1 121 844
Warehouses	1 416 000	-	-	-	-	-	1 416 000	(637 043)	-	(70 770)	-	-	(707 813)	708 187
Community halls	8 417	-	-	-	-	-	8 417	(3 788)	-	(421)	-	-	(4 209)	4 208
Office buildings	6 606 640	-	-	-	-	-	6 606 640	(2 925 644)	-	(330 323)	-	-	(3 255 967)	3 350 673
Recreational facilities	17 081	-	-	-	-	-	17 081	(870)	-	(669)	-	-	(1 439)	15 642
Clinics	1 845 076	-	-	-	-	-	1 845 076	(360 121)	-	(43 427)	-	-	(403 548)	1 441 528
Non residential perimeter protection	588 895	-	-	-	-	-	588 895	(8 675)	-	(744)	-	-	(9 419)	579 476
Workshops / Store rooms	1 004 546	-	-	(30 002)	-	-	974 544	(200 488)	-	(22 275)	-	-	(222 763)	334 130
Public parking	36 555 037	-	-	-	-	-	36 555 037	(452 059)	-	(50 226)	-	-	(502 285)	502 261
Fire, safety & emergency	5 047	-	-	-	-	-	5 047	(1 346)	-	(1 814 568)	-	-	(1 810 867)	19 403 137
Car ports / Garage	261 722	-	-	-	-	-	261 722	(86 493)	-	(126)	-	-	(1 472)	3 575
Internal roads	49 684 654	-	-	(30 002)	-	-	49 654 652	(20 411 690)	-	(8 442)	-	-	(106 935)	154 787
	<b>49 684 654</b>			<b>(30 002)</b>			<b>49 654 652</b>	<b>(20 411 690)</b>		<b>(2 393 817)</b>			<b>(22 805 507)</b>	<b>27 049 146</b>

## Analysis of property, plant and equipment as at 30 June 2018 Accumulated depreciation

	Opening Balance	Corrections and Transfers	Additions	Disposals	WIP	Reclassification	Closing Balance	Opening Balance	Corrections and Transfers	Additions	Disposals	WIP	Reclassification	Carrying Value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Heritage assets</b>														
<b>Specialised vehicles</b>														
<b>Other assets</b>														
General vehicles	34 867 116	-	3 859 284	(1 346 496)	-	-	37 379 903	(25 152 902)	-	(2 653 418)	1 138 090	-	(26 668 230)	10 711 673
Audiovisual equipment	449 178	-	37 503	(11 949)	-	-	474 732	(349 031)	-	(33 635)	11 473	-	(371 183)	103 539
Computer Equipment	4 988 775	-	337 930	(432 224)	-	-	4 894 481	(3 382 627)	-	(548 998)	402 821	-	(3 528 804)	1 365 677
Domestic equipment	50 701	-	17 152	(701)	-	-	67 152	(31 998)	-	(7 338)	570	-	(38 766)	28 386
Electrical wire and power distribution	9 254	-	-	(351)	-	-	8 903	(1 823)	-	(890)	349	-	(2 364)	6 539
Emergency / rescue equipment	1 182 099	-	1 650	(26 009)	-	-	1 157 740	(543 886)	-	(111 286)	19 722	-	(635 470)	522 270
Elevator systems	6 398	-	-	-	-	-	6 398	(6 209)	-	(26)	-	-	(6 235)	163
Fire fighting equipment	4 818 168	-	462 051	(1 620)	-	-	5 278 609	(2 488 388)	-	(642 203)	1 597	-	(3 138 964)	2 139 645
Gardening equipment	226 665	-	16 521	(8 225)	-	-	234 961	(157 726)	-	(24 794)	4 984	-	(177 536)	57 425
Kitchen appliances	538 843	-	5 409	(75 323)	-	-	468 929	(310 766)	-	(29 553)	57 850	-	(282 469)	186 460
Laboratory equipment	994 611	-	161 391	(60 358)	-	-	1 075 644	(429 302)	-	(123 475)	78 745	-	(474 032)	601 612
Medical and allied equipment	154 688	-	-	(6 224)	-	-	148 464	(135 635)	-	(12 357)	6 222	-	(141 770)	6 674
Pump / Plumbing	2 026 864	-	554 327	(24 522)	-	-	2 556 269	(20 702)	-	(494 110)	3 016	-	(511 786)	2 044 473
Radio equipment	2 594 336	-	338 222	(160 410)	-	-	2 772 148	(1 332 398)	-	(275 757)	128 567	-	(1 479 588)	1 292 560
Security equipment	169 217	-	7 500	(6 539)	-	-	170 178	(53 490)	-	(33 548)	3 160	-	(63 879)	106 299
Workshop equipment	3 223 333	-	88 004	(74 502)	-	-	3 236 835	(2 687 086)	-	(222 376)	53 780	-	(2 838 694)	401 141
Air conditioners	4 328 245	-	134 054	-	-	-	3 277 644	(597 388)	-	(59 245)	407 088	-	(658 643)	270 901
Office furniture	1 358 009	-	37 522	(434 487)	-	-	3 931 280	(3 846 210)	-	(154 497)	-	-	(3 993 619)	337 661
Domestic and hostel furniture	1 382 041	-	100 782	(39)	-	-	1 482 784	(1 528 875)	-	765 634	14 200	-	(1 074 919)	389 141
Other	64 142 010	-	6 275 363	(2 690 379)	-	-	67 726 994	(44 925 414)	-	(4 737 832)	2 332 234	-	(46 431 812)	21 295 982

## Analysis of property, plant and equipment as at 30 June 2018 Cost/Revaluation

	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification on Rand	Carrying value Rand
<b>Total property plant and equipment</b>	26 760 390	-	1 258 740	(119 731)	-	-	26 760 390	(13 962)	(13 962)	26 310	-	-	-	26 760 390
Land and buildings	621 607	-	1 760 816	(160 280)	-	-	1 760 816	(22 808 507)	(22 808 507)	26 310	-	-	(147 932)	1 612 684
Infrastructure	49 884 654	-	6 275 363	(2 690 379)	-	-	49 884 654	(4 737 832)	(4 737 832)	-	-	-	(46 431 012)	27 049 145
Community Assets	64 142 010	-	-	-	-	-	64 142 010	(64 697 384)	(64 697 384)	-	-	-	(65 384 461)	21 295 982
Other assets	141 408 661	-	7 634 103	(2 840 112)	-	-	146 102 652	-	-	2 358 644	-	-	-	76 718 201
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	8 241 849	-	-	-	-	-	8 241 849	(7 194 988)	(7 194 988)	-	-	-	(8 142 920)	98 929
	8 241 849	-	-	-	-	-	8 241 849	(7 194 988)	(7 194 988)	-	-	-	(8 142 920)	98 929
<b>Investment properties</b>														
Investment property	5 508 050	-	-	-	-	-	5 508 050	(935 768)	(935 768)	-	-	-	(968 978)	4 539 072
	5 508 050	-	-	-	-	-	5 508 050	(935 768)	(935 768)	-	-	-	(968 978)	4 539 072
<b>Total</b>	26 760 390	-	1 258 740	(119 731)	-	-	26 760 390	(13 962)	(13 962)	26 310	-	-	(147 932)	26 760 390
Land and buildings	621 607	-	1 760 816	(160 280)	-	-	1 760 816	(22 808 507)	(22 808 507)	26 310	-	-	(147 932)	1 612 684
Infrastructure	49 884 654	-	6 275 363	(2 690 379)	-	-	49 884 654	(4 737 832)	(4 737 832)	-	-	-	(46 431 012)	27 049 145
Community Assets	64 142 010	-	-	-	-	-	64 142 010	(64 697 384)	(64 697 384)	-	-	-	(65 384 461)	21 295 982
Other assets	8 241 849	-	7 634 103	(2 840 112)	-	-	8 241 849	-	-	2 358 644	-	-	(65 384 461)	98 929
Intangible assets	5 508 050	-	-	-	-	-	5 508 050	(935 768)	(935 768)	-	-	-	(968 978)	4 539 072
Investment properties	165 168 560	-	7 634 103	(2 840 112)	-	-	165 862 551	(72 728 140)	(72 728 140)	2 358 644	-	-	(78 496 349)	81 366 202

**West Coast District Municipality**  
**Appendix B**  
 July 2017

**Analysis of property, plant and equipment as at 30 June 2017**  
**Accumulated depreciation**  
**Cost/Revaluation**

	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassifications Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	Reclassifications Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	26 131 390	629 000	-	-	-	-	26 760 390	-	-	-	-	-	-	26 760 390
	26 131 390	629 000	-	-	-	-	26 760 390	-	-	-	-	-	-	26 760 390
<b>Infrastructure</b>														
Electricity supply / revaluation	449 112	(76 397)	-	-	-	-	372 716	(107 091)	23 213	(9 187)	-	-	(83 065)	279 650
Transformers	323 519	(323 519)	-	-	-	-	-	(65 180)	65 180	-	-	-	-	-
Cables	181 753	(181 753)	-	-	-	-	-	(39 196)	39 196	-	-	-	-	-
Mini sub stations	216 440	(212 777)	-	-	-	-	3 663	(75 553)	74 486	-	-	-	(1 067)	2 596
Water purification	47 638 430	(47 638 430)	3 742 122	-	-	-	-	(5 862 730)	5 862 730	-	-	-	-	-
Water revaluation	144 443 479	(148 185 601)	-	-	-	-	-	(44 208 675)	44 208 675	-	-	-	-	-
Dams	482 718	(482 718)	-	-	-	-	-	(268 853)	288 853	-	-	-	-	-
Pump stations	7 412 104	(7 407 075)	9 260	-	-	-	14 289	(1 644 986)	1 640 153	-	-	-	(4 833)	9 456
Reservoirs	111 681 119	(111 679 401)	1 610	-	-	-	3 328	(19 531 369)	19 529 816	-	-	-	(1 553)	1 775
Waste purification	5 524 730	(5 524 730)	-	-	-	-	-	(954 698)	954 698	-	-	-	-	-
Substation switch gear	418 693	(418 693)	-	-	-	-	-	(105 771)	105 771	-	-	-	-	-
Electric panels	56 560	(3 031)	-	-	-	-	44	(12)	-	(1)	-	-	(13)	31
Electricity perimeter protection	493 401	(319 363)	-	-	-	-	63 529	(21 098)	1 414	(2 262)	-	-	(21 946)	31 583
Other	319 322 092	(322 453 478)	3 752 992	-	-	-	174 038	(97 965)	63 440	(3 258)	-	-	(37 803)	136 235
	319 322 092	(322 453 478)	3 752 992	-	-	-	621 606	(73 023 167)	72 877 595	(14 709)	-	-	(160 280)	461 326
<b>Community Assets</b>														
Residences (Personnel)	5 592 082	(4 152 524)	120 043	-	-	-	1 559 601	(1 302 260)	916 449	(90 767)	-	-	(385 831)	1 173 770
Warehouses	1 816 003	(400 003)	-	-	-	-	1 416 000	(655 788)	309 512	-	-	-	(637 043)	778 957
Community halls	968 437	(960 019)	-	-	-	-	8 418	(391 787)	367 999	-	-	-	(3 788)	4 630
Office buildings	6 693 328	-	91 581	(178 269)	-	-	6 606 640	(2 668 038)	8	(335 616)	78 002	-	(2 925 844)	3 680 996
Recreational facilities	136 842	(119 561)	-	-	-	-	17 081	(54 107)	59 784	(6 547)	-	-	(870)	16 211
Clinics	1 602 754	242 322	-	-	-	-	1 845 076	(215 366)	(108 255)	(36 500)	-	-	(360 121)	1 484 955
Non residential perimeter protection	19 046	(454)	-	-	-	-	18 592	(248 519)	239 844	-	-	-	(8 676)	9 917
Abolition / Public facilities	60 000	(60 000)	-	-	-	-	-	(45 000)	45 000	-	-	-	-	-
Workshops / Store rooms	1 962 728	(1 395 853)	-	-	-	-	566 895	(587 063)	482 053	(95 478)	-	-	(200 488)	386 407
Public parking	1 004 546	-	-	-	-	-	1 004 546	(401 833)	(30 001)	(20 225)	-	-	(452 058)	552 487
Fire, safety & emergency	36 190 633	(8 271)	372 675	-	-	-	36 552 037	(13 464 930)	(62 733)	(1 808 668)	-	-	(15 337 332)	21 217 705
Car ports / Garage	379 564	(374 517)	-	-	-	-	5 047	(151 158)	149 812	-	-	-	(1 346)	3 701
Internal roads	693 042	(431 320)	-	-	-	-	261 722	(256 495)	158 002	-	-	-	(98 483)	163 229
	57 138 805	(7 560 180)	664 299	(178 269)	-	-	49 864 555	(20 642 364)	2 547 474	(2 394 802)	78 002	-	(20 411 690)	28 472 965





## Analysis of property, plant and equipment as at 30 June 2017 Cost/Revaluation

	Opening Balance		Corrections and Transfers		Additions		Disposals		WIP		Reclassifications		Closing Balance		Opening Balance		Corrections and Transfers		Additions		Disposals		Reclassifications		Closing Balance		Carrying value				
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand			
<b>Total property plant and equipment</b>																															
Land and buildings	26 131 390	629 000	3 752 992	(322 453 478)	594 299	(178 289)	-	-	-	-	-	-	-	26 760 390	621 606	(73 023 167)	72 877 595	(14 708)	(2 394 802)	78 002	-	-	-	-	-	-	-	-	26 760 390	461 326	
Infrastructure	319 322 092	(7 660 180)	584 299	(26 451)	6 530 106	(2 910 580)	-	-	-	-	-	-	-	49 884 686	(20 642 364)	(41 479 752)	2 547 474	(4 239 604)	(2 394 802)	78 002	-	-	-	-	-	-	-	-	(20 411 690)	29 472 865	
Community Assets	57 138 805	(26 451)	6 530 106	-	-	-	-	-	-	-	-	-	-	64 142 010	(41 479 752)	-	(18 201)	(4 239 604)	(983 673)	1 712 143	-	-	-	-	-	-	-	-	(44 025 414)	20 116 596	
Other assets	60 548 935	(329 511 109)	10 867 397	(3 088 849)	-	-	-	-	-	-	-	-	-	141 408 661	(135 145 283)	(6 649 114)	75 406 868	(6 649 114)	1 790 145	-	-	-	-	-	-	-	-	-	(64 597 384)	76 811 277	
	463 141 222	(329 511 109)	10 867 397	(3 088 849)	-	-	-	-	-	-	-	-	-	141 408 661	(135 145 283)	(6 649 114)	75 406 868	(6 649 114)	1 790 145	-	-	-	-	-	-	-	-	-	(64 597 384)	76 811 277	
<b>Intangible assets</b>																															
Computers - software & programming	3 303 007	4 970 092	-	(31 250)	-	-	-	-	-	-	-	-	-	8 241 849	(2 274 104)	(983 673)	(3 946 585)	(983 673)	9 374	-	-	-	-	-	-	-	-	-	(7 194 988)	1 046 861	
	3 303 007	4 970 092	-	(31 250)	-	-	-	-	-	-	-	-	-	8 241 849	(2 274 104)	(983 673)	(3 946 585)	(983 673)	9 374	-	-	-	-	-	-	-	-	-	(7 194 988)	1 046 861	
<b>Investment properties</b>																															
Investment property	5 508 050	-	-	-	-	-	-	-	-	-	-	-	-	5 508 050	(902 558)	(33 210)	-	-	(33 210)	-	-	-	-	-	-	-	-	-	(935 768)	4 572 282	
	5 508 050	-	-	-	-	-	-	-	-	-	-	-	-	5 508 050	(902 558)	(33 210)	-	-	(33 210)	-	-	-	-	-	-	-	-	-	(935 768)	4 572 282	
<b>Total</b>																															
Land and buildings	26 131 390	629 000	3 752 992	(322 453 478)	594 299	(178 289)	-	-	-	-	-	-	-	26 760 390	621 606	(73 023 167)	72 877 595	(14 708)	(2 394 802)	78 002	-	-	-	-	-	-	-	-	-	(160 280)	26 760 390
Infrastructure	319 322 092	(7 660 180)	584 299	(26 451)	6 530 106	(2 910 580)	-	-	-	-	-	-	-	49 884 686	(20 642 364)	(41 479 752)	2 547 474	(4 239 604)	(2 394 802)	78 002	-	-	-	-	-	-	-	-	-	(20 411 690)	29 472 865
Community Assets	57 138 805	(26 451)	6 530 106	-	-	-	-	-	-	-	-	-	-	64 142 010	(41 479 752)	-	(18 201)	(4 239 604)	(983 673)	1 712 143	-	-	-	-	-	-	-	-	(44 025 414)	20 116 596	
Other assets	60 548 935	(329 511 109)	10 867 397	(3 088 849)	-	-	-	-	-	-	-	-	-	141 408 661	(135 145 283)	(6 649 114)	75 406 868	(6 649 114)	1 790 145	-	-	-	-	-	-	-	-	-	(7 194 988)	1 046 861	
Intangible assets	3 303 007	4 970 092	-	(31 250)	-	-	-	-	-	-	-	-	-	8 241 849	(2 274 104)	(983 673)	(3 946 585)	(983 673)	9 374	-	-	-	-	-	-	-	-	-	-	(7 194 988)	1 046 861
Investment properties	5 508 050	-	-	-	-	-	-	-	-	-	-	-	-	5 508 050	(902 558)	(33 210)	-	-	(33 210)	-	-	-	-	-	-	-	-	-	-	(935 768)	4 572 282
	5 508 050	-	-	-	-	-	-	-	-	-	-	-	-	5 508 050	(902 558)	(33 210)	-	-	(33 210)	-	-	-	-	-	-	-	-	-	-	(935 768)	4 572 282
<b>Total</b>	471 952 279	(324 541 017)	10 867 397	(3 120 089)	-	-	-	-	-	-	-	-	-	165 159 560	(138 321 945)	(7 665 997)	71 460 283	(7 665 997)	1 799 519	-	-	-	-	-	-	-	-	-	(72 728 140)	82 430 420	

**West Coast District Municipality**  
**Appendix C**

June 2018

**Segmental analysis of property, plant and equipment as at 30 June 2018**  
**Accumulated Depreciation**

	Opening Balance		Additions		Disposals		Transfers		Revaluations		Other changes, movements		Closing Balance		Opening Balance		Disposals		Transfers		Depreciation		Impairment deficit		Closing Balance		Carrying value		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
<b>Municipality</b>	<b>1 156 507</b>	<b>153 754</b>	<b>(28 591)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 281 670</b>	<b>(674 960)</b>	<b>26 695</b>	<b>-</b>	<b>-</b>	<b>(59 553)</b>	<b>(717 848)</b>	<b>563 822</b>														
Executive & Council/Mayor and Council	44 832 513	83 328	(209 524)	-	-	-	44 706 317	(11 940 177)	203 230	-	-	-	(315 204)	(12 052 151)	32 654 166														
Finance & Admin/Finance Planning and Development/Economic Development/Plan	79 852	9 122	(18 742)	-	-	-	70 232	(69 328)	18 511	-	-	-	(3 558)	(64 376)	15 857														
Health/Clinics	3 218 603	144 432	(3 478)	-	-	-	3 359 556	(1 384 500)	3 468	-	-	-	(190 558)	(1 571 890)	1 787 666														
Comm. & Social/Libraries and archives	9 911 217	180 136	(451 083)	-	-	-	9 640 270	(3 546 200)	410 623	-	-	-	(205 167)	(3 340 744)	6 289 526														
Public Safety	75 843 628	3 108 744	(430 030)	-	-	-	78 522 342	(41 328 291)	368 892	-	-	-	(4 717 410)	(46 676 809)	32 846 533														
Water/Water Distribution	20 116 240	3 854 587	(1 698 663)	-	-	-	22 272 164	(13 764 654)	1 327 125	-	-	-	(2 625 003)	(15 082 532)	7 189 632														
	<b>155 168 560</b>	<b>7 534 103</b>	<b>(2 840 112)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159 862 551</b>	<b>(72 728 140)</b>	<b>2 368 544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8 126 753)</b>	<b>(78 496 348)</b>	<b>81 366 202</b>														

**West Coast District Municipality**

**Appendix D**

June 2018

**Segmental Statement of Financial Performance for the year ended  
30 June 2018**

	30 June 2017			30 June 2018		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	
<b>Municipality</b>						
1 437 389	20 644 244	(19 206 855)	223 920	15 190 297	(14 966 377)	
95 144 507	27 325 873	67 818 634	108 053 080	36 452 176	71 600 904	
56 949	3 151 409	(3 094 460)	756 070	8 070 533	(7 314 463)	
9 125 696	21 717 968	(12 592 272)	10 078 595	23 044 611	(12 966 016)	
1 922 610	1 138 869	783 741	1 885 853	1 231 606	654 247	
12 764 528	40 184 324	(27 419 796)	10 164 699	36 334 754	(26 170 055)	
3 654 806	4 618 772	(963 966)	3 606 282	4 974 263	(1 367 981)	
122 282 075	1 10 976 034	11 306 041	121 370 797	121 286 844	83 953	
115 845 342	83 695 739	32 149 603	93 880 242	113 034 966	(19 154 724)	
<b>362 233 902</b>	<b>313 453 232</b>	<b>48 780 670</b>	<b>350 019 538</b>	<b>359 620 050</b>	<b>(9 600 512)</b>	

**West Coast District Municipality**  
**Appendix E (1)**  
 June 2018

**Schedule of external loans as at 30 June 2018**

Loan Number	Redeemable	Balance at 30 June 2017	Received during the period	Redeemed written off during the period	Balance at 30 June 2018	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
1	30/06/2018	4 996 047	-	4 996 047	-	-	-
1	30/06/2020	17 248 573	-	5 097 813	12 150 760	-	-
1	31/12/2021	18 501 531	-	3 919 368	14 582 163	-	-
1	31/10/2022	16 500 000	-	3 000 000	13 500 000	-	-
		<b>57 246 151</b>	<b>-</b>	<b>17 013 228</b>	<b>40 232 923</b>	<b>-</b>	<b>-</b>

**External loans**

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**West Coast District Municipality**  
**Appendix E(2)**  
 June 2018

**Budget Analysis of Capital Expenditure as at 30 June 2018**

	Additions		Revised Budget		Variance		Explanation of significant variances from budget
	Rand		Rand		Rand	%	
<b>Municipality</b>							
Executive & Council/Mayor and Council	146 133		150 000		3 867	3	
Finance & Admin/Finance Planning and Development/Economic Development/Plan	83 389 9 122		151 415 10 000		68 026 878	45 9	Savings on projects
Health	144 435		150 900		6 465	4	
Comm. & Social Public Safety/Police	181 335 2 927 409		328 450 3 046 900		147 115 119 491	45 4	Savings on projects
Sport and Recreation	180 136		173 835		(6 301)	(4)	
Water/Water Distribution	4 426 055		5 305 000		878 945	17	Savings and the cancellation of some projects
Other	7 621		8 000		379	5	
	<b>8 105 635</b>		<b>9 324 500</b>		<b>1 218 865</b>	<b>13</b>	

West Coast District Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MIFMA, 56 of 2003

June 2018

Name of Grants	Quarterly Receipts						Quarterly Expenditure						Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec		Mar
EPWP Grant	311 000	-	275 000	825 000	-	278 909	154 876	226 986	324 346	278 909	154 876	226 986	331 496	Yes
FMG Grant	-	-	1 250 000	-	-	623 374	186 706	300 227	303 675	623 374	186 706	300 227	121 738	Yes
Mayor Fund	-	162 763	-	-	37 750	155 894	-	4 000	1 000	155 894	-	4 000	-	Yes
Rural Roads management	-	-	1 787 000	-	766 000	735 616	309 778	1 080 613	169 475	735 616	309 778	1 080 613	535 398	Yes
Capacity Building Health MSIG	-	-	-	-	-	(10 623)	-	-	67 459	(10 623)	-	-	-	Yes
Work for Water	240 670	-	290 054	580 109	-	396 490	105 151	174 581	110 526	396 490	105 151	174 581	338 675	Yes
Provincial finance management grant	-	-	-	-	-	-	-	248 584	315 882	-	-	248 584	437 764	Yes
Provincial : LG	180 000	-	-	-	240 000	87 111	8 289	-	-	87 111	8 289	-	-	Yes
Provincial mSCOA	220 000	-	-	-	280 000	127 835	21 109	-	-	127 835	21 109	-	18 070	Yes
Provincial Public Safety	-	-	1 450 000	-	-	-	-	-	-	-	-	-	-	Yes
	951 670	162 763	5 052 054	1 405 109	1 323 750	2 394 606	785 909	2 034 991	1 384 728	2 394 606	785 909	2 034 991	1 783 141	