Planning by	Reviewed	Performed by	Final review

West Rand District Municipality

(Registration number DC48)

Consolidated Annual Financial Statements
for the year ended 30 June 2016

General Information

Legal form of entity	District Municipality
	DC48
Nature of business and principal activities	Local Municipality
Mayoral committee	
Executive Mayor	K.M. Nawa (Executive Mayor)
	J.N. Phiri (Speaker)
	N.P. Lipudi (Chief Whip)
	M. Kawe (MMC: Finance)
	T.E. Mphitikezi (MMC: Corporate Services)
	L.L. Nkosiyane (MMC: Public Safety)
	G. Khoza (MMC: Technical Support & Transport Planning)
	M.P. Kgoleng (MMC: Health & Social Development)
	S.D. Thabe (MMC: Economic Development & Tourism)
	S.E. Thebenare (MMC: Human Settlement & Land Use Planning)
	O. Caldeira (MMC: Environmental Management)
Councillors	S. Handula (MPAC Chairperson)
	B.D. Blake
	M.F. Chohledi
	T.N. Daniel
	P.H.C De Jager
	R.J.A Harris
	L.A. Isherwood
	MV Jiba
	N Best
	E du Plessis
	F.F Ngcobo
	T.K Foteng
	M.J Selibo
	M Holenstein
	J. Hoon
	R. Lees
	T.B.N Mavuso
	S. Mcungeli
	M.V. Mfazi (Deceased)
	D.E. Ngubane
	M.N. Nomandla
	M. Nqoro
	W.M. Plaatjie
	D.H. Pretorius
	P.L. Seemela
	P. Simon
	C.P. Zagagana
	J.D.W Zwart
	G.S. Isherwood
	G. Khoza
	V. Lwazi
	F. Matshogo
	T. Nondzaba

General Information

Grading of local authority	Medium Capacity
Chief Finance Officer (CFO)	LS Ramaele
Accounting Officer	R Mohaudi
Registered office	Cnr Sixth & Park Street Randfontein 1760
Postal address	Private Bag X033 Randfontein 1760
Bankers	Standard Bank of Southern Africa
Auditors	Auditor General-South Africa Registered Auditors
Attorneys	Ramashila-Mugeri Attorneys Twala Attorneys Mohammed Randera & Associates Nozuku Nxusani Incorporated Phungo Incorporated Ntanga Kganane Nkuhlu Attorneys Renqe Kunene Incorporated Manako Attorneys

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

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Abbreviations

CCTV	Closed Circuit Television
EPWP	Expanded public works programme
LSA	Long service award
PEMA	Post employment medical aid
GRAP	Generally Recognised Accounting Practice
GRARD	Gauteng Department of Agriculture and Rural Development
MMC	Member of Mayoral Committee
FMG	Financial Management Grant
NDPG	Neighbourhood development partnership grant
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MWIG	Municipal water infrastructure grant
WRDM	West Rand District Municipality
WRDA	West Rand Development Agency

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and are given unrestricted access to all financial records and related data.

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board.

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

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

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

The West Rand Development Agency is wholly dependent on the West Rand District Municipality for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the West Rand Development Agency is a going concern and that the West Rand District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the West Rand Development Agency.

Although the are primarily responsible for the financial affairs of the West Rand Development Agency, they are supported by the economic entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the economic entity's consolidated annual financial statements. The consolidated annual financial statements have been examined by the economic entity's external auditors and their report is presented on page 5.

The consolidated annual financial statements set out on pages 5 to 82, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2016 and were signed on its behalf by:

M.D. Mokoena
Municipal Manager

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2016.

1. Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the continued commitment by the National and Provincial sphere of government to transfer grants to the district municipality. The accounting officer has further committed to raising funds from savings, these savings include rigorious cost containment measures to restore a positive financial position of the municipality..

The local municipalities within the West Rand remain committed to contributing funds to the District for Transformation, West Rand Developmen Agency, Go-West and other special programs. In addition, the municipality has set-up a project support office to assist with sourcing of external funding.

2. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

3. Accounting Officer's interest in contracts

The accounting officer did not have any interest in any contract of the municipality.

4. Accounting policies

The consolidated annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Controlling entity

West Rand District Municipality is a controlling entity. West Rand District Municipality has 100% interest in West Rand Development Agency.

6. Economic entity

West Rand District Municipality is a controlling entity. Economic entity relates to both West Rand District Municipality and West Rand Development Agency.

7. Bankers

The District Municipality primarily banks with Standard Bank - Key West Branch

8. Auditors

Auditor General-South Africa will continue in office for the next financial period.

Statement of Financial Position as at 30 June 2016

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2016	2015 Restated*	2016	2015 Restated*
Assets					
Current Assets					
Cash and cash equivalents	3	13,903,725	35,611,989	13,901,194	32,775,528
Receivables from exchange transactions	4	27,910,111	2,956,588	27,910,111	2,738,227
VAT receivable	5	6,792,435	-	6,792,435	-
Inventories	6	708,178	456,196	708,178	456,196
		49,314,449	**39,024,773**	**49,311,918**	**35,969,951**
Non-Current Assets					
Long-term receivables	7	2,223,526	1,557,356	2,223,526	1,557,356
Biological assets that form part of an agricultural activity	8	972,123	327,862	972,123	327,862
Investment property	9	4,680,000	4,450,000	4,680,000	4,450,000
Property, plant and equipment	10	60,024,446	68,068,765	43,121,151	50,613,706
Intangible assets	11	132,833	908,288	97,034	854,620
Investments in controlled entities		-	-	14,578,528	14,578,528
		68,032,928	**75,312,271**	**65,672,362**	**72,382,072**
Total Assets		**117,347,377**	**114,337,044**	**114,984,280**	**108,352,023**
Liabilities					
Current Liabilities					
Unspent conditional grants and receipts	12	8,469,701	480,000	8,469,701	480,000
Payables from exchange transactions	13	39,921,139	35,925,828	37,030,921	34,151,178
VAT payable	14	3,479,764	4,569,676	-	1,378,390
Provisions	15	2,989,985	7,938,873	2,989,985	7,938,873
Employee benefit obligation	16	1,554,396	1,363,440	1,554,396	1,363,440
		56,414,985	**50,277,817**	**50,045,003**	**45,311,881**
Non-Current Liabilities					
Provisions	15	11,467,931	11,896,056	11,467,931	11,896,056
Employee benefit obligation	16	51,810,481	58,037,297	51,810,481	58,037,297
		63,278,412	**69,933,353**	**63,278,412**	**69,933,353**
Total Liabilities		**119,693,397**	**120,211,170**	**113,323,415**	**115,245,234**
Net Assets		**(2,346,020)**	**(5,874,126)**	**1,660,865**	**(6,893,211)**
Accumulated surplus		(2,346,021)	(5,874,126)	1,660,865	(6,893,211)

* See Note 38

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2016	2015 Restated*	2016	2015 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	18	831,035	1,023,527	831,035	1,023,527
Rental of facilities and equipment	19	1,993,916	2,074,421	1,548,995	1,533,096
Interest received (trading)		163,209	129,987	157,098	114,441
Agency services (Ambulance service)	20	27,206,217	37,789,000	27,206,217	37,789,000
Licences and permits		246,084	185,764	246,084	185,764
Other income	21	32,223,590	3,331,161	31,866,383	3,293,023
Interest received - investment	22	3,180,464	3,297,067	3,180,464	3,297,067
Total revenue from exchange transactions		**65,844,515**	**47,830,927**	**65,036,276**	**47,235,918**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	23	245,816,565	190,546,984	245,816,565	189,804,775
Total revenue	17	**311,661,080**	**238,377,911**	**310,852,841**	**237,040,693**
Expenditure					
Employee related costs	24	(169,563,372)	(175,080,260)	(164,979,230)	(172,428,075)
Remuneration of councillors	25	(9,968,157)	(10,093,371)	(9,968,157)	(10,093,371)
Depreciation and amortisation	10&26	(8,564,653)	(13,067,526)	(8,023,283)	(12,261,813)
Impairment loss/ Reversal of impairments	27	(510,947)	(3,098,687)	-	-
Finance costs	28	-	(600,165)	-	(600,165)
Lease rentals on operating lease		(6,584,124)	(6,432,110)	(6,086,177)	(6,407,621)
Debt Impairment	29	(889,879)	(3,048,136)	(700,085)	(3,048,136)
Repairs and maintenance		(2,883,255)	(2,669,871)	(2,810,173)	(2,530,232)
Transfers and Subsidies		-	-	(4,394,200)	(4,394,200)
General Expenses	30	(123,854,637)	(73,136,136)	(120,563,148)	(70,602,146)
Total expenditure		**(322,819,024)**	**(287,226,262)**	**(317,524,453)**	**(282,365,759)**
Operating deficit		**(11,157,944)**	**(48,848,351)**	**(6,671,612)**	**(45,325,066)**
(Loss) gain on disposal of assets and liabilities	10	(285,058)	240,926	(285,058)	240,926
Fair value adjustments	31	874,261	921,162	874,261	921,162
Actuarial gains/losses	15&16	14,354,269	714,750	14,354,269	714,750
Workmen's compensation movement	15	282,217	803,513	282,217	803,513
		15,225,689	**2,680,351**	**15,225,689**	**2,680,351**
Surplus (deficit) for the year		**4,067,745**	**(46,168,000)**	**8,554,077**	**(42,644,715)**

* See Note 38

West Rand District Municipality

(Registration number DC48)
Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Share premium	Total share capital	Accumulated surplus	Total net assets
Economic entity					
Balance at 01 July 2014	**100**	**14,578,428**	**14,578,528**	**40,833,513**	**55,412,041**
Changes in net assets					
Deficit for the year	-	-	-	(46,168,000)	(46,168,000)
Other changes in net assets	-	-	-	(539,639)	(539,639)
Entity combinations	-	(14,578,528)	(14,578,528)	-	(14,578,528)
Total changes	-	(14,578,528)	(14,578,528)	(46,707,639)	(61,286,167)
Opening balance as previously reported	100	(100)	-	(6,057,144)	(6,057,144)
Adjustments					
Prior year adjustments (Note 39)	-	-	-	183,017	183,017
Restated* Balance at 01 July 2015 as restated*	**100**	**(100)**	**-**	**(5,874,127)**	**(5,874,127)**
Changes in net assets					
Surplus for the year	-	-	-	4,067,745	4,067,745
Other changes in net assets	-	-	-	(539,639)	(539,639)
Total changes	-	-	-	3,528,106	3,528,106
Balance at 30 June 2016	**100**	**(100)**	**-**	**(2,346,021)**	**(2,346,021)**

Note(s)

Figures in Rand	Share capital / contributed capital	Share premium	Total share capital	Accumulated surplus	Total net assets
Controlling entity					
Balance at 01 July 2014	**-**	**-**	**-**	**35,751,504**	**35,751,504**
Changes in net assets					
Deficit for the year	-	-	-	(42,644,715)	(42,644,715)
Total changes	-	-	-	(42,644,715)	(42,644,715)
Opening balance as previously reported	-	-	-	(7,076,229)	(7,076,229)
Adjustments					
Prior year adjustments (Note 39)	-	-	-	183,017	183,017
Restated* Balance at 01 July 2015 as restated*	**-**	**-**	**-**	**(6,893,212)**	**(6,893,212)**
Changes in net assets					
Surplus for the year	-	-	-	8,554,077	8,554,077
Total changes	-	-	-	8,554,077	8,554,077
Balance at 30 June 2016	**-**	**-**	**-**	**1,660,865**	**1,660,865**

Note(s)

* See Note 38

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2016	2015 Restated*	2016	2015 Restated*
Cash flows from operating activities					
Receipts					
Grants		253,806,266	189,804,775	253,806,266	189,804,775
Interest income		2,956,264	3,297,067	2,956,264	3,297,067
Other receipts		34,697,541	61,034,046	34,194,645	56,088,950
		291,460,071	254,135,888	290,957,175	249,190,792
Payments					
Employee costs		(181,021,487)	(185,195,437)	(176,670,511)	(182,521,446)
Suppliers		(131,612,125)	(67,773,838)	(133,102,798)	(65,799,305)
Finance costs		-	(600,165)	-	(600,165)
		(312,633,612)	(253,569,440)	(309,773,309)	(248,920,916)
Net cash flows from operating activities	32	**(21,173,541)**	**566,448**	**(18,816,134)**	**269,876**
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(540,834)	(1,731,112)	(58,200)	(990,315)
Other cash item		6,111	15,546	-	-
Net cash flows from investing activities		**(534,723)**	**(1,715,566)**	**(58,200)**	**(990,315)**
Cash flows from financing activities					
Repayment of other financial liabilities		-	(1,759,472)	-	(1,759,472)
Finance lease payments		-	(3,903,315)	-	(3,903,315)
Net cash flows from financing activities		**-**	**(5,662,787)**	**-**	**(5,662,787)**
Net increase/(decrease) in cash and cash equivalents		**(21,708,264)**	**(6,811,905)**	**(18,874,334)**	**(6,383,226)**
Cash and cash equivalents at the beginning of the year		35,611,989	42,423,894	32,775,528	39,158,754
Cash and cash equivalents at the end of the year	3	**13,903,725**	**35,611,989**	**13,901,194**	**32,775,528**

* See Note 38

West Rand District Municipality

(Registration number DC48)
Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	4,013,000	19,000	**4,032,000**	831,035	**(3,200,965)**	A
Rental of facilities and equipment	2,157,800	(2,157,800)	**-**	1,993,916	**1,993,916**	B
Interest received (trading)	-	-	**-**	163,209	**163,209**	C
Agency services	39,792,000	(11,289,000)	**28,503,000**	27,206,217	**(1,296,783)**	D
Licences and permits	174,000	-	**174,000**	246,084	**72,084**	E
Other income	43,593,700	(6,557,700)	**37,036,000**	32,223,590	**(4,812,410)**	A
Interest received - investment	7,177,000	-	**7,177,000**	3,180,464	**(3,996,536)**	F
Total revenue from exchange transactions	**96,907,500**	**(19,985,500)**	**76,922,000**	**65,844,515**	**(11,077,485)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	227,417,200	25,498,000	**252,915,200**	245,816,565	**(7,098,635)**	G
Total revenue	**324,324,700**	**5,512,500**	**329,837,200**	**311,661,080**	**(18,176,120)**	
Expenditure						
Personnel	(173,857,641)	(84,000)	**(173,941,641)**	(169,563,372)	**4,378,269**	H
Remuneration of councillors	(12,327,000)	700,000	**(11,627,000)**	(9,968,157)	**1,658,843**	I
Depreciation and amortisation	(11,481,698)	11,481,698	**-**	(8,564,653)	**(8,564,653)**	J
Impairment loss/ Reversal of impairments	-	-	**-**	(510,947)	**(510,947)**	
Finance costs	(95,000)	-	**(95,000)**	-	**95,000**	K
Lease rentals on operating lease	(4,299,042)	4,299,042	**-**	(6,584,124)	**(6,584,124)**	
Bad debts written off	-	-	**-**	(889,879)	**(889,879)**	C
Repairs and maintenance	(3,080,500)	(354,500)	**(3,435,000)**	(2,883,255)	**551,745**	
Transfers and Subsidies	(4,394,000)	-	**(4,394,000)**	-	**4,394,000**	
General Expenses	(91,406,320)	(32,362,539)	**(123,768,859)**	(123,854,637)	**(85,778)**	M
Total expenditure	**(300,941,201)**	**(16,320,299)**	**(317,261,500)**	**(322,819,024)**	**(5,557,524)**	
Operating deficit	**23,383,499**	**(10,807,799)**	**12,575,700**	**(11,157,944)**	**(23,733,644)**	
Loss on disposal of assets and liabilities	-	-	**-**	(285,058)	**(285,058)**	J
Fair value adjustments	-	-	**-**	874,261	**874,261**	N
Actuarial gains/losses	-	-	**-**	14,354,269	**14,354,269**	O
Workmen's compensation provision	-	-	**-**	282,217	**282,217**	P
	-	**-**	**-**	**15,225,689**	**15,225,689**	
Surplus before taxation	**23,383,499**	**(10,807,799)**	**12,575,700**	**4,067,745**	**(8,507,955)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**23,383,499**	**(10,807,799)**	**12,575,700**	**4,067,745**	**(8,507,955)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	773,000	-	**773,000**	708,178	**(64,822)**	
Receivables from exchange transactions	26,248,000	(25,958,000)	**290,000**	27,910,111	**27,620,111**	Q
VAT receivable	-	-	**-**	6,792,435	**6,792,435**	R
Cash and cash equivalents	140,433,000	(115,021,000)	**25,412,000**	13,903,725	**(11,508,275)**	S
	167,454,000	**(140,979,000)**	**26,475,000**	**49,314,449**	**22,839,449**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	275,000	53,000	**328,000**	972,123	**644,123**	N
Investment property	3,582,000	868,000	**4,450,000**	4,680,000	**230,000**	N
Property, plant and equipment	96,060,000	(30,654,000)	**65,406,000**	60,024,446	**(5,381,554)**	J
Intangible assets	6,199,000	(5,344,000)	**855,000**	132,833	**(722,167)**	J
Investments in controlled entities	-	14,579,000	**14,579,000**	-	**(14,579,000)**	
Long-term receivables	-	1,557,000	**1,557,000**	2,223,526	**666,526**	T
Investments	28,750,000	(28,750,000)	**-**	-	**-**	
Other non current assets	923,000	(923,000)	**-**	-	**-**	
	135,789,000	**(48,614,000)**	**87,175,000**	**68,032,928**	**(19,142,072)**	
Total Assets	**303,243,000**	**(189,593,000)**	**113,650,000**	**117,347,377**	**3,697,377**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	37,523,000	(37,284,000)	**239,000**	39,921,139	**39,682,139**	U
VAT payable	-	-	**-**	3,479,764	**3,479,764**	
Employee benefit obligation	-	-	**-**	1,554,396	**1,554,396**	V
Unspent conditional grants and receipts	-	-	**-**	8,469,701	**8,469,701**	Z
Provisions	-	7,139,000	**7,139,000**	2,989,985	**(4,149,015)**	W
	37,523,000	**(30,145,000)**	**7,378,000**	**56,414,985**	**49,036,985**	
Non-Current Liabilities						
Employee benefit obligation	-	58,037,000	**58,037,000**	51,810,481	**(6,226,519)**	Q
Provisions	61,811,000	(50,005,000)	**11,806,000**	11,467,931	**(338,069)**	Q
	61,811,000	**8,032,000**	**69,843,000**	**63,278,412**	**(6,564,588)**	
Total Liabilities	**99,334,000**	**(22,113,000)**	**77,221,000**	**119,693,397**	**42,472,397**	
Net Assets	**203,909,000**	**(167,480,000)**	**36,429,000**	**(2,346,020)**	**(38,775,020)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Other NDR	-	-	**-**	4,283	**4,283**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Accumulated surplus	203,909,000	(167,480,000)	**36,429,000**	(2,350,303)	**(38,779,303)**	
Total Net Assets	**203,909,000**	**(167,480,000)**	**36,429,000**	**(2,346,020)**	**(38,775,020)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	227,417,200	25,498,000	**252,915,200**	253,806,266	**891,066**	G
Interest income	7,177,286	-	**7,177,286**	2,956,264	**(4,221,022)**	F
Other receipts	89,729,500	(17,826,700)	**71,902,800**	34,697,541	**(37,205,259)**	Q
	324,323,986	**7,671,300**	**331,995,286**	**291,460,071**	**(40,535,215)**	
Payments						
Employee costs	(176,700,351)	-	**(176,700,351)**	(181,021,487)	**(4,321,136)**	
Suppliers	(118,068,152)	(38,474,286)	**(156,542,438)**	(131,612,125)	**24,930,313**	X
Finance costs	(95,000)	-	**(95,000)**	-	**95,000**	
Other payments	(4,394,000)	-	**(4,394,000)**	-	**4,394,000**	
	(299,257,503)	**(38,474,286)**	**(337,731,789)**	**(312,633,612)**	**25,098,177**	
Net cash flows from operating activities	**25,066,483**	**(30,802,986)**	**(5,736,503)**	**(21,173,541)**	**(15,437,038)**	
Purchase of property, plant and equipment	(20,100,000)	19,900,000	**(200,000)**	(540,834)	**(340,834)**	Y
Other cash item	-	-	**-**	6,111	**6,111**	
Net cash flows from investing activities	**(20,100,000)**	**19,900,000**	**(200,000)**	**(534,723)**	**(334,723)**	
Net increase/(decrease) in cash and cash equivalents	4,966,483	(10,902,986)	**(5,936,503)**	(21,708,264)	**(15,771,761)**	
Cash and cash equivalents at the beginning of the year	86,582,000	(48,133,539)	**38,448,461**	35,611,989	**(2,836,472)**	
Cash and cash equivalents at the end of the year	**91,548,483**	**(59,036,525)**	**32,511,958**	**13,903,725**	**(18,608,233)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	4,013,000	19,000	**4,032,000**	831,035	**(3,200,965)**	A
Rental of facilities and equipment	1,947,000	-	**1,947,000**	1,548,995	**(398,005)**	B
Interest received (trading)	-	-	**-**	157,098	**157,098**	C
Agency services	39,792,000	(11,289,000)	**28,503,000**	27,206,217	**(1,296,783)**	D
Licences and permits	174,000	-	**174,000**	246,084	**72,084**	E
Other income	40,891,000	(3,855,000)	**37,036,000**	31,866,383	**(5,169,617)**	A
Interest received - investment	7,177,000	-	**7,177,000**	3,180,464	**(3,996,536)**	F
Total revenue from exchange transactions	**93,994,000**	**(15,125,000)**	**78,869,000**	**65,036,276**	**(13,832,724)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	216,639,000	23,498,000	**240,137,000**	245,816,565	**5,679,565**	G
Total revenue	**310,633,000**	**8,373,000**	**319,006,000**	**310,852,841**	**(8,153,159)**	
Expenditure						
Personnel	(169,429,000)	(84,000)	**(169,513,000)**	(164,979,230)	**4,533,770**	H
Remuneration of councillors	(12,327,000)	700,000	**(11,627,000)**	(9,968,157)	**1,658,843**	I
Depreciation and amortisation	(9,798,000)	-	**(9,798,000)**	(8,023,283)	**1,774,717**	J
Finance costs	(95,000)	-	**(95,000)**	-	**95,000**	K
Lease rentals on operating lease	(4,299,042)	-	**(4,299,042)**	(6,086,177)	**(1,787,135)**	
Bad debts written off	-	-	**-**	(700,085)	**(700,085)**	C
Repairs and maintenance	(2,305,000)	-	**(2,305,000)**	(2,810,173)	**(505,173)**	L
Transfers and Subsidies	(4,394,000)	-	**(4,394,000)**	(4,394,200)	**(200)**	
General Expenses	(87,884,958)	(29,090,000)	**(116,974,958)**	(120,563,148)	**(3,588,190)**	M
Total expenditure	**(290,532,000)**	**(28,474,000)**	**(319,006,000)**	**(317,524,453)**	**1,481,547**	
Operating deficit	**20,101,000**	**(20,101,000)**	**-**	**(6,671,612)**	**(6,671,612)**	
Loss on disposal of assets and liabilities	-	-	**-**	(285,058)	**(285,058)**	
Fair value adjustments	-	-	**-**	874,261	**874,261**	
Actuarial gains/losses	-	-	**-**	14,354,269	**14,354,269**	
Surplus on distribution of non-cash assets to owners	-	-	**-**	282,217	**282,217**	
	-	**-**	**-**	**15,225,689**	**15,225,689**	
Surplus before taxation	**20,101,000**	**(20,101,000)**	**-**	**8,554,077**	**8,554,077**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**20,101,000**	**(20,101,000)**	**-**	**8,554,077**	**8,554,077**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	773,000	-	**773,000**	708,178	**(64,822)**	
Receivables from exchange transactions	26,248,000	(25,958,000)	**290,000**	27,910,111	**27,620,111**	Q
VAT receivable	-	-	**-**	6,792,435	**6,792,435**	R
Cash and cash equivalents	140,433,000	(115,021,000)	**25,412,000**	13,901,194	**(11,510,806)**	S
	167,454,000	**(140,979,000)**	**26,475,000**	**49,311,918**	**22,836,918**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	275,000	53,000	**328,000**	972,123	**644,123**	N
Investment property	3,582,000	868,000	**4,450,000**	4,680,000	**230,000**	N
Property, plant and equipment	96,060,000	(30,654,000)	**65,406,000**	43,121,151	**(22,284,849)**	J
Intangible assets	6,199,000	(5,344,000)	**855,000**	97,034	**(757,966)**	J
Investments in controlled entities	-	14,579,000	**14,579,000**	14,578,528	**(472)**	
Long-term receivables	-	1,557,000	**1,557,000**	2,223,526	**666,526**	T
Investments	28,750,000	(28,750,000)	**-**	-	**-**	
Other non current assets	923,000	(923,000)	**-**	-	**-**	
	135,789,000	**(48,614,000)**	**87,175,000**	**65,672,362**	**(21,502,638)**	
Total Assets	**303,243,000**	**(189,593,000)**	**113,650,000**	**114,984,280**	**1,334,280**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	37,523,000	(37,284,000)	**239,000**	37,030,921	**36,791,921**	U
Employee benefit obligation	-	-	**-**	1,554,396	**1,554,396**	V
Unspent conditional grants and receipts	-	-	**-**	8,469,701	**8,469,701**	Z
Provisions	-	7,139,000	**7,139,000**	2,989,985	**(4,149,015)**	W
	37,523,000	**(30,145,000)**	**7,378,000**	**50,045,003**	**42,667,003**	
Non-Current Liabilities						
Employee benefit obligation	-	58,037,000	**58,037,000**	51,810,481	**(6,226,519)**	Q
Provisions	61,811,000	(50,005,000)	**11,806,000**	11,467,931	**(338,069)**	Q
	61,811,000	**8,032,000**	**69,843,000**	**63,278,412**	**(6,564,588)**	
Total Liabilities	**99,334,000**	**(22,113,000)**	**77,221,000**	**113,323,415**	**36,102,415**	
Net Assets	**203,909,000**	**(167,480,000)**	**36,429,000**	**1,660,865**	**(34,768,135)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Other NDR	-	-	**-**	4,285	**4,285**	
Accumulated surplus	203,909,000	(167,480,000)	**36,429,000**	1,656,580	**(34,772,420)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total Net Assets	**203,909,000**	**(167,480,000)**	**36,429,000**	**1,660,865**	**(34,768,135)**	

West Rand District Municipality

(Registration number DC48)
Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	216,639,000	23,498,000	**240,137,000**	253,806,266	**13,669,266**	G
Interest income	7,177,286	-	**7,177,286**	2,956,264	**(4,221,022)**	F
Other receipts	86,816,000	(15,124,000)	**71,692,000**	34,194,645	**(37,497,355)**	Q
	310,632,286	**8,374,000**	**319,006,286**	**290,957,175**	**(28,049,111)**	
Payments						
Employee costs	(172,271,710)	-	**(172,271,710)**	(176,670,511)	**(4,398,801)**	
Suppliers	(113,771,290)	(38,474,286)	**(152,245,576)**	(128,708,798)	**23,536,778**	X
Finance costs	(95,000)	-	**(95,000)**	-	**95,000**	
Other payments	(4,394,000)	-	**(4,394,000)**	(4,394,000)	**-**	
	(290,532,000)	**(38,474,286)**	**(329,006,286)**	**(309,773,309)**	**19,232,977**	
Net cash flows from operating activities	**20,100,286**	**(30,100,286)**	**(10,000,000)**	**(18,816,134)**	**(8,816,134)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(20,100,000)	19,900,000	**(200,000)**	(58,200)	**141,800**	Y
Net increase/(decrease) in cash and cash equivalents	286	(10,200,286)	**(10,200,000)**	(18,874,334)	**(8,674,334)**	
Cash and cash equivalents at the beginning of the year	86,582,000	(50,970,000)	**35,612,000**	32,775,528	**(2,836,472)**	
Cash and cash equivalents at the end of the year	**86,582,286**	**(61,170,286)**	**25,412,000**	**13,901,194**	**(11,510,806)**	

Reconciliation

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Legends:

A- Fire and ambulances service were recognised only when payment is made. Decrease in service charges is due to non Payment for fire and ambulance services.

B- Decrease in rental of facilities and equipment is due to payment for rental of shops not being made timeously.

C- The item was not budgeted for.

D- The Ambulance function was carried by the Municipality on behalf of Gauteng Department of Health. During 2015/2016 financial year this function was surrendered back to Gauteng Department of Health together with its human resources. The Municipality was reimbursed for operational costs relating to this function for the period of five months.

E- The increase is due to over collection of air quality licenses

F- The decrease is due to the decrease in call account and fixed deposit investment utilised during the year.

G- Merger/ Transformation grant gazette was issued subsequent to adjustment budget being approved by council. Hence the item was not budgeted for.

H- The decrease is due to staff members relating to Ambulance function transferred to Gauteng Department of Health.

I- This is the result of upper limits adjustment in council remuneration.

J- The decrease in depreciation and amortization is due to assets which were disposed during the year.

K- The item was budgeted for, however there were no finance lease/ loan contract during the year

L- Over expenditure results in the demands in repairing fire engines.

M- Under expenditure is due to cost containment measures which were applied in terms of circular 82 issued by National Treasury

N- Fair value on biological assets and investment property were not budgeted for since it’s a year-end estimated and requires the relevant qualified experts.

O- Actuarial valuation on Medical aid liability and long service award liability were budgeted for based on the 2014/2015 actuarial reports since it’s a year-end estimate. The difference between budget and actual results from actuarial valuation performed in 2015/2016.

P- Department of Labour Assessment Provision was not budgeted for since it’s a year-end estimated

Q- Contributions from local municipalities were raised after the adjustment budget has been tabled to council and have not yet been paid.

R- VAT receivable was not budgeted for based on the results of prior year.

S- The decrease is due to few call account and fixed deposit investments entered into with financial institutions during the year.

T- The increase is due to study assistance issued during the year and payments made by employees.

U- This is due to decrease in leave payable, accruals and increase in outstanding cheques.

V- This results from actuarial valuation performed during the year and classification of short-term portion of medical aid liability

W- The decrease is due CCTV provision being settled during the year.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

X- The increase is due to expenditure on water infrastructure grant for West Rand region, expenditure on merger processes between Westonaria and Randfontein.

Y- The decrease is due to computer equipment which budgeted on behalf of social services department and was not procured.

Z- This is due to conditional grant on rural asset management and merger/ transformation grant. The amount of merger/ transformation grant was received three months prior to year-end.

The accounting policies on pages 28 to 49 and the notes on pages 50 to 82 form an integral part of the consolidated annual financial statements.

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Economic entity - 2016											
Financial Performance											
Service charges	4,013,000	19,000	4,032,000	-		4,032,000	831,035		(3,200,965)	21 %	21 %
Investment revenue	7,177,000	-	7,177,000	-		7,177,000	3,180,464		(3,996,536)	44 %	44 %
Transfers recognised - operational	250,825,200	(12,791,000)	238,034,200	-		238,034,200	211,054,795		(26,979,405)	89 %	84 %
Other own revenue	45,924,500	(6,556,700)	39,367,800	-		39,367,800	62,707,277		23,339,477	159 %	137 %
Total revenue (excluding capital transfers and contributions)	**307,939,700**	**(19,328,700)**	**288,611,000**	**-**		**288,611,000**	**277,773,571**		**(10,837,429)**	**96 %**	**90 %**
Employee costs	(173,857,641)	(84,000)	(173,941,641)	-	-	(173,941,641)	(169,563,372)	-	4,378,269	97 %	98 %
Remuneration of councillors	(12,327,000)	700,000	(11,627,000)	-	-	(11,627,000)	(9,968,157)	-	1,658,843	86 %	81 %
Debt impairment	-	-	-			-	(889,879)	-	(889,879)	- %	- %
Depreciation and asset impairment	(11,481,698)	-	(11,481,698)			(11,481,698)	(9,075,600)	-	2,406,098	79 %	79 %
Finance charges	(95,000)	-	(95,000)	-	-	(95,000)	-	-	95,000	- %	- %
Transfers and grants	(4,394,000)	-	(4,394,000)	-	-	(4,394,000)	-	-	4,394,000	- %	- %
Other expenditure	(98,785,862)	(32,527,039)	(131,312,901)	-	-	(131,312,901)	(133,607,074)	-	(2,294,173)	102 %	135 %
Total expenditure	**(300,941,201)**	**(31,911,039)**	**(332,852,240)**	**-**	**-**	**(332,852,240)**	**(323,104,082)**	**-**	**9,748,158**	**97 %**	**107 %**
Surplus/(Deficit)	**6,998,499**	**(51,239,739)**	**(44,241,240)**	**-**		**(44,241,240)**	**(45,330,511)**		**(1,089,271)**	**102 %**	**102 %**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	10,000,000	27,000,000	37,000,000	-		37,000,000	34,761,770		(2,238,230)	94 %	348 %
Surplus (Deficit) after capital transfers and contributions	**16,998,499**	**(24,239,739)**	**(7,241,240)**	**-**		**(7,241,240)**	**(10,568,741)**		**(3,327,501)**	**146 %**	**(62)%**
Other	-	-	-	-		-	(14,636,487)		(14,636,487)	- %	- %
Surplus/(Deficit) for the year	**16,998,499**	**(24,239,739)**	**(7,241,240)**	**-**		**(7,241,240)**	**4,067,746**		**11,308,986**	**(56)%**	**24 %**
Cash flows											
Net cash from (used) operating	25,066,197	(30,802,700)	(5,736,503)	-		(5,736,503)	(21,173,541)		(15,437,038)	369 %	(84)%
Net cash from (used) investing	(20,100,000)	19,900,000	(200,000)	-		(200,000)	(534,723)		(334,723)	267 %	3 %
Net increase/(decrease) in cash and cash equivalents	**4,966,197**	**(10,902,700)**	**(5,936,503)**	**-**		**(5,936,503)**	**(21,708,264)**		**(15,771,761)**	**366 %**	**(437)%**
Cash and cash equivalents at the beginning of the year	86,582,000	(48,133,539)	38,448,461	-		38,448,461	35,611,989		(2,836,472)	93 %	41 %
Cash and cash equivalents at year end	**91,548,197**	**(59,036,239)**	**32,511,958**	**-**		**32,511,958**	**13,903,725**		**(18,608,233)**	**43 %**	**15 %**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Economic entity - 2015				
Financial Performance				
Service charges				1,023,527
Investment revenue				3,297,067
Transfers recognised - operational				189,804,775
Other own revenue				44,672,421
Total revenue (excluding capital transfers and contributions)				**238,797,790**
Employee costs	-	-	-	(175,080,260)
Remuneration of councillors	-	-	-	(10,093,371)
Debt impairment	-	-	-	(3,048,136)
Depreciation and asset impairment	-	-	-	(16,166,213)
Finance charges	-	-	-	(600,165)
Other expenditure	-	-	-	(82,238,117)
Total expenditure	**-**	**-**	**-**	**(287,226,262)**
Surplus/(Deficit)				**(48,428,472)**
Transfers recognised - capital				742,209
Surplus (Deficit) after capital transfers and contributions				**(47,686,263)**
Surplus/(Deficit) for the year				**(47,686,263)**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Cash flows				
Net cash from (used) operating				566,448
Net cash from (used) investing				(1,715,566)
Net cash from (used) financing				(5,662,787)
Net increase/(decrease) in cash and cash equivalents				**(6,811,905)**
Cash and cash equivalents at the beginning of the year				-
Cash and cash equivalents at year end				**(6,811,905)**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Controlling entity - 2016											
Financial Performance											
Service charges	4,013,000	19,000	4,032,000	-		4,032,000	831,035		(3,200,965)	21 %	21 %
Investment revenue	7,177,000	-	7,177,000	-		7,177,000	3,180,464		(3,996,536)	44 %	44 %
Transfers recognised - operational	246,431,000	(14,791,000)	231,640,000	-		231,640,000	211,054,795		(20,585,205)	91 %	86 %
Other own revenue	43,011,000	(3,854,000)	39,157,000	-		39,157,000	61,899,038		22,742,038	158 %	144 %
Total revenue (excluding capital transfers and contributions)	**300,632,000**	**(18,626,000)**	**282,006,000**	**-**		**282,006,000**	**276,965,332**		**(5,040,668)**	**98 %**	**92 %**
Employee costs	(169,429,000)	(84,000)	(169,513,000)	-	-	(169,513,000)	(164,979,230)	-	4,533,770	97 %	97 %
Remuneration of councillors	(12,327,000)	700,000	(11,627,000)	-	-	(11,627,000)	(9,968,157)	-	1,658,843	86 %	81 %
Debt impairment	-	-	-			-	(700,085)	-	(700,085)	DIV/0 %	DIV/0 %
Depreciation and asset impairment	(9,798,000)	-	(9,798,000)			(9,798,000)	(8,023,283)	-	1,774,717	82 %	82 %
Finance charges	(95,000)	-	(95,000)	-	-	(95,000)	-	-	95,000	- %	- %
Transfers and grants	(4,394,000)	-	(4,394,000)	-	-	(4,394,000)	(4,394,200)	-	(200)	100 %	100 %
Other expenditure	(94,489,000)	(29,090,000)	(123,579,000)	-	-	(123,579,000)	(129,744,556)	-	(6,165,556)	105 %	137 %
Total expenditure	**(290,532,000)**	**(28,474,000)**	**(319,006,000)**	**-**	**-**	**(319,006,000)**	**(317,809,511)**	**-**	**1,196,489**	**100 %**	**109 %**
Surplus/(Deficit)	**10,100,000**	**(47,100,000)**	**(37,000,000)**	**-**		**(37,000,000)**	**(40,844,179)**		**(3,844,179)**	**110 %**	**(404)%**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	10,000,000	27,000,000	37,000,000	-		37,000,000	34,761,770		(2,238,230)	94 %	348 %
Surplus (Deficit) after capital transfers and contributions	**20,100,000**	**(20,100,000)**	**-**	**-**		**-**	**(6,082,409)**		**(6,082,409)**	**DIV/0 %**	**(30)%**
Other	-	-	-	-		-	(14,636,487)		(14,636,487)	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	**20,100,000**	**(20,100,000)**	**-**	**-**		**-**	**8,554,078**		**8,554,078**	**DIV/0 %**	**43 %**
Cash flows											
Net cash from (used) operating	20,100,000	(30,100,000)	(10,000,000)	-		(10,000,000)	(18,816,134)		(8,816,134)	188 %	(94)%
Net cash from (used) investing	(20,100,000)	19,900,000	(200,000)	-		(200,000)	(58,200)		141,800	29 %	- %
Net increase/(decrease) in cash and cash equivalents	**-**	**(10,200,000)**	**(10,200,000)**	**-**		**(10,200,000)**	**(18,874,334)**		**(8,674,334)**	**185 %**	**DIV/0 %**
Cash and cash equivalents at the beginning of the year	86,582,000	(50,970,000)	35,612,000	-		35,612,000	32,775,528		(2,836,472)	92 %	38 %
Cash and cash equivalents at year end	**86,582,000**	**(61,170,000)**	**25,412,000**	**-**		**25,412,000**	**13,901,194**		**11,510,806**	**55 %**	**16 %**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Controlling entity - 2015				
Financial Performance				
Service charges				1,023,527
Investment revenue				3,297,067
Transfers recognised - operational				189,804,775
Other own revenue				44,077,412
Total revenue (excluding capital transfers and contributions)				**238,202,781**
Employee costs	-	-	-	(172,428,075)
Remuneration of councillors	-	-	-	(10,093,371)
Debt impairment	-	-	-	(3,048,136)
Depreciation and asset impairment	-	-	-	(12,261,813)
Finance charges	-	-	-	(600,165)
Transfers and grants	-	-	-	(4,394,200)
Other expenditure	-	-	-	(79,539,999)
Total expenditure	**-**	**-**	**-**	**(282,365,759)**
Surplus/(Deficit)				**(44,162,978)**
Surplus/(Deficit) for the year				**(44,162,978)**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Cash flows				
Net cash from (used) operating				269,876
Net cash from (used) investing				(990,315)
Net cash from (used) financing				(5,662,787)
Net increase/(decrease) in cash and cash equivalents				**(6,383,226)**
Cash and cash equivalents at the beginning of the year				39,158,754
Cash and cash equivalents at year end				**32,775,528**

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The consolidated 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 consolidated 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.

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

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

1.2 Consolidation

Basis of consolidation

Consolidated consolidated annual financial statements are the consolidated annual financial statements of the economic entity presented as those of a single entity.

The consolidated consolidated annual financial statements incorporate the consolidated annual financial statements of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of controlled entities, are included in the consolidated consolidated annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, including the cumulative amount of any exchange differences that relate to the controlled entity recognised in net assets in accordance with the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates, is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The consolidated annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated consolidated annual financial statements are prepared as of the same reporting date.

When the reporting dates of the controlling entity and a controlled entity are different, the controlled entity prepares, for consolidation purposes, additional consolidated annual financial statements as of the same date as the controlling entity unless it is impracticable to do so. When the consolidated annual financial statements of a controlled entity used in the preparation of consolidated consolidated annual financial statements are prepared as of a reporting date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the controlling entity’s consolidated annual financial statements. In any case, the difference between the reporting date of the controlled entity and that of the controlling entity shall be no more than three months. The length of the reporting periods and any difference in the reporting dates is the same from period to period.

Adjustments are made when necessary to the consolidated annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Minority interests in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets. Losses applicable to the minority in a consolidated controlled entity may exceed the minority interest in the controlled entity’s net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest until the minority’s share of losses previously absorbed by the majority has been recovered.

Minority interests in the surplus or deficit of the economic entity is separately disclosed.

Accounting Policies

1.1 Consolidation (continued)

Entity combinations

The economic entity accounts for entity combinations using the acquisition method of accounting. The cost of the entity combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the entity combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the economic entity assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for economic entity purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from an entity combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual entity combination, and disclosed in the note for entity combinations.

In cases where the economic entity held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in surplus or deficit for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other net assets are recognised in surplus or deficit as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the economic entity at the end of each reporting period with the adjustment recognised in net assets.

Accounting Policies

1.3 Transfer of functions between entities under common control

Definitions

An acquirer is the economic entity 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 economic entity 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 economic entity’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 economic entity.

A transferor is the economic entity 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 economic entity‘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 economic entity. 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 economic entity to the transaction or event is the transferor(s) and which economic entity 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 economic entity is the acquirer and which economic entity is the transferor.

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

Determining the transfer date

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

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

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

Assets acquired [transferred] and liabilities assumed [relinquished]

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

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

Determining what is part of the transfer of functions transaction

Where the economic entity 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 economic entity (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 economic entity (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 economic entity (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 economic entity 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 economic entity does not recognise those costs as part of a transfer of functions. Instead, the economic entity recognises these costs in its consolidated annual financial statements after the transfer has occurred, in accordance with the applicable Standards of GRAP.

Accounting Policies

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

Accounting by the entity as transferor

Derecognition of assets transferred and liabilities relinquished

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

Until the transfer date, the economic entity 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 economic entity 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.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Accounting Policies

1.5 Biological assets that form part of an agricultural activity

The entity recognises a biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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 economic entity, 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.

Accounting Policies

1.6 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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 economic entity; 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.

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.

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

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

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

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

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	7 - 25 years
Plant and machinery	Straight line	5 - 17 years
Furniture and fixtures	Straight line	3 - 17 years
Specialised vehicles	Straight line	5 - 17 years
Other vehicles	Straight line	15 - 17 years
Office equipment	Straight line	3 - 17 years
Roads and stormwater	Straight line	20 - 30 years
Water	Straight line	20 - 30 years
Community	Straight line	20 - 30 years
Emergency equipment	Straight line	5 - 17 years
Water craft	Straight line	5 - 15 years
Security measures	Straight line	5 - 14 years
Other leased Assets	Straight line	2 - 3 years

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

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

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

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

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

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

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 economic entity 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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

1.8 Intangible assets (continued)

The economic entity 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.

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.

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

Item	Useful life
Computer software, other	3 years

1.9 Investments in controlled entities

Economic entity consolidated annual financial statements

The economic entity consolidated annual financial statements include those of the controlling entity and its controlled entities. The revenue and expenses of the controlled entities are included from the effective date of acquisition.

Controlling entity consolidated annual financial statements

In the municipality's separate consolidated annual financial statements, investments in investments in controlled entities are carried at cost.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

The WRDA was established to promote tourism and investment in the west rand region.

1.10 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 entity.

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.

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.

Accounting Policies

1.10 Financial instruments (continued)

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an 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 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 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.

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 entity 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 entity 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.

1.11 Inventories

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

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

Accounting Policies

1.11 Inventories (continued)

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 economic entity 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 economic entity.

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.

1.12 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

Criteria developed by the economic entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

Accounting Policies

1.13 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity 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 entity, 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 entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, 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 entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

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

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 entity provides post-employment benefits for one or more employees.

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

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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 entity 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 entity) that are held by an entity (a fund) that is legally separate from the reporting entity 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 entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:
- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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

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

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

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

Accounting Policies

1.14 Employee benefits (continued)

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

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity 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 entity 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 entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity 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.

1.14 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.15 Provisions and contingencies

Provisions are recognised when:
- the economic entity 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 economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating deficits.

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

Accounting Policies

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

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

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

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

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.

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

The economic entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the economic entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the economic entity considers that an outflow of economic resources is probable, an economic entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.15 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

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.

The economic 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 economic 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 the economic 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 (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The economic entity recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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.

Accounting Policies

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 economic entity;
- 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 revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.18 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

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.

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

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

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.

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are not recognised.

Services in-kind are recognised as revenue and as assets.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Accounting Policies

1.20 Unauthorised expenditure (continued)

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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.

1.23 Budget information

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

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

1.23 Budget information (continued)

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

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

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

The consolidated 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.

1.24 Related parties

The economic entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity 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 economic entity.

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

1.25 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 economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity 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.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The economic entity has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2016	Not material
• GRAP32: Service Concession Arrangements: Grantor	01 April 2016	Not material
• GRAP108: Statutory Receivables	01 April 2016	Not material
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	Not material
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	Not material

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7,913	1,997	7,878	1,806
Bank balances	3,340,975	13,890,019	3,340,162	11,229,322
Short-term deposits	10,366,348	21,692,806	10,364,665	21,517,233
Other cash and cash equivalents	188,489	27,167	188,489	27,167
	13,903,725	**35,611,989**	**13,901,194**	**32,775,528**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	**30 June 2015**	**30 June 2014**	**30 June 2016**	**30 June 2015**	**30 June 2014**
Standard bank - corporate- WRDM	3,340,162	2,070,593	39,121,241	3,340,162	11,229,322	39,121,322
Standard Bank - Current account- WRDA	813	2,660,697	2,955,112	813	2,660,697	2,955,112
VBS Fixed deposit- WRDM	10,224,200	21,517,233	-	10,224,200	21,517,233	-
Standard bank Call account- WRDM	140,465	-	-	140,465	-	-
Standard Bank - Call account- WRDA	1,683	175,573	310,026	1,683	175,573	310,026
Petty Cash - Account- WRDM	7,878	1,806	30,346	7,878	1,806	10,346
Petty Cash - Account- WRDA	35	-	-	35	-	-
Heritage Account- WRDM	188,489	27,167	27,167	188,489	27,167	27,167
Total	**13,903,725**	**26,453,069**	**42,443,892**	**13,903,725**	**35,611,798**	**42,423,973**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

4. Receivables from exchange transactions

Gross Receivables from exchange transactions

Contributions from local municipalities	27,500,000	2,400,000	27,500,000	2,400,000
Other consumer debtors	2,917,131	2,174,108	2,917,131	2,174,108
Fire and ambulance services	918,492	889,546	918,492	889,546
Employee costs in advance	298,801	298,801	298,801	298,801
Prepayments	-	218,361	-	-
Accrued interest receivable on short term investments	93,887	93,887	93,887	93,887
Deposits	73,791	73,791	73,791	73,791
Other debtors	1,152	1,152	1,152	1,152
	31,803,254	**6,149,646**	**31,803,254**	**5,931,285**

Contributions from local municipalities	27,500,000	2,400,000	27,500,000	2,400,000
Other consumer debtors	2,917,131	2,174,108	2,917,131	2,174,108
Fire and ambulance services	918,492	889,546	918,492	889,546
Employee costs in advance	298,801	298,801	298,801	298,801
Prepayments	-	218,361	-	-
Accrued interest receivable on short term investments	93,887	93,887	93,887	93,887
Deposits	73,791	73,791	73,791	73,791
Other debtors	1,152	1,152	1,152	1,152
Impairment of Receivables	(3,893,143)	(3,193,058)	(3,893,143)	(3,193,058)
	27,910,111	**2,956,588**	**27,910,111**	**2,738,227**

Trade and other receivables impaired

As of 30 June 2016, included in trade and other receivables of R 31,803,254 (2015: R 6,149,646) are receivables which were impaired and provided for.

The amount of the provision was R (3,893,143) as of 30 June 2016 (2015: R 3,193,058).

The ageing of these receivables is as follows:

3 to 6 months	3,425,512	2,303,512	3,425,512	2,303,512
Over 6 months	467,631	889,546	467,631	889,546

Reconciliation of provision for impairment of trade and other receivables

Opening balance	3,193,058	4,562,898	3,193,058	4,562,898
Contribution to impairment	700,085	3,048,136	700,085	3,048,136
Reversal of provision	-	(4,417,976)	-	(4,417,976)
	3,893,143	**3,193,058**	**3,893,143**	**3,193,058**

The following receivable balances arise from system conversion and are included in the provision for impairment:

Employee cost received in advanced	298,801	298,801	298,801	298,801
Deposits	73,791	73,791	73,791	73,791
Other debtors	1,152	1,152	1,152	1,152
Accrued interest	93,887	93,887	93,887	93,887
	467,631	**467,631**	**467,631**	**467,631**

5. VAT receivable

VAT	6,792,435	-	6,792,435	-

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

5. VAT receivable (continued)

The amount relates to amounts receivable from SARS as at 30 June 2016.

6. Inventories

Consumable stores	708,178	456,196	708,178	456,196

7. Long-term receivables

Long Term receivables comprises of study assistance to employees in accordance with council approved policy. This loan is given to employees at free interest rate.

Study assistance				
Study assistance as at 30 June 2016	2,223,526	1,557,356	2,223,526	1,557,356

8. Biological assets that form part of an agricultural activity

Economic entity	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Biological assets - Flowers	972,123	-	972,123	327,862	-	327,862

Controlling entity	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Biological assets - Flowers	972,123	-	972,123	327,862	-	327,862

Reconciliation of biological assets that form part of an agricultural activity - Economic entity - 2016

	Opening balance	**Fair value adjustment**	**Total**
Biological assets - Flowers	327,862	644,261	972,123

Reconciliation of biological assets that form part of an agricultural activity - Economic entity - 2015

	Opening balance	**Fair value adjustment**	**Total**
Biological assets - Flowers	274,700	53,162	327,862

Reconciliation of biological assets that form part of an agricultural activity - Controlling entity - 2016

	Opening balance	**Fair value adjustment**	**Total**
Biological assets - Flowers	327,862	644,261	972,123

8. Biological assets that form part of an agricultural activity (continued)

Reconciliation of biological assets that form part of an agricultural activity - Controlling entity - 2015

	Opening balance	Fair value adjustment	Total
Biological assets - Flowers	274,700	53,162	327,862

Non - Financial information

Quantities of each biological asset				
Biological assets - Flowers	278,460	88,560	278,460	88,560

The municipality performed a physical verification of all biological assets at 30 June 2016

A register of all biological assets is available at the Local Economic Development (LED) office of the WRDM for inspection.

Methods and assumptions used in determining fair value

The fair value of the different varieties of plants(flowers) were determined by the Multiflora Auction Market. Multiflora Auction Market is the outlet through which the flowers are sold. The increase in fair value is due to more flowers planted which were valued at year-end.

9. Investment property

Economic entity	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	4,680,000	-	4,680,000	4,450,000	-	4,450,000

Controlling entity	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	4,680,000	-	4,680,000	4,450,000	-	4,450,000

Reconciliation of investment property - Economic entity - 2016

	Opening balance	Fair value adjustments	Total
Investment property	4,450,000	230,000	4,680,000

Reconciliation of investment property - Economic entity - 2015

	Opening balance	Fair value adjustments	Total
Investment property	3,582,000	868,000	4,450,000

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

9. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2016

	Opening balance	Fair value adjustments	Total
Investment property	4,450,000	230,000	4,680,000

Reconciliation of investment property - Controlling entity - 2015

	Opening balance	Fair value adjustments	Total
Investment property	3,582,000	868,000	4,450,000

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.

The effective date of the revaluations was 30 June 2016. Revaluations were performed by an independent valuer, DB Grobler (Appraiser and Professional Associated Valuer). DB Grobler is not connected to the municipality and has recent experience in location and category of the investment property being valued.

The valuation was based on rental income payable by BP Southern Africa in terms of the signed rental agreement using the income capitalisation approach.

These assumptions are based on current market conditions.

Amounts recognised in surplus and deficit for the year:

Rental revenue from investment property	588,021	564,960	588,021	564,960
Direct operating expenses from rental generating property	(119,542)	(119,542)	(119,542)	(119,542)
	468,479	**445,418**	**468,479**	**445,418**

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

10. Property, plant and equipment

Economic entity	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	12,118,881	-	12,118,881	12,118,881	-	12,118,881
Buildings	51,995,561	(30,542,928)	21,452,633	52,884,532	(30,001,207)	22,883,325
Plant and machinery	6,273,778	(5,222,003)	1,051,775	11,296,196	(9,434,236)	1,861,960
Furniture and fixtures	5,107,431	(4,512,451)	594,980	4,969,420	(4,269,780)	699,640
Motor vehicles	15,158,173	(11,112,077)	4,046,096	16,312,972	(10,875,265)	5,437,707
Infrastructure	8,684,377	(2,905,458)	5,778,919	8,684,377	(2,425,119)	6,259,258
Security measures	5,109,619	(5,029,463)	80,156	5,109,619	(4,769,481)	340,138
Emergency equipments	3,875,662	(3,710,380)	165,282	4,074,588	(3,780,187)	294,401
Other property, plant and equipment	100,340	(66,027)	34,313	100,340	(54,603)	45,737
Security	3,987,665	(3,091,600)	896,065	4,296,173	(3,251,355)	1,044,818
Electricity	152,259	(45,646)	106,613	152,259	(38,038)	114,221
Office equipment	12,656,860	(11,122,143)	1,534,717	13,344,174	(10,796,516)	2,547,658
Roads	3,980,918	(3,139,998)	840,920	3,980,918	(3,188,896)	792,022
Electrical reticulation	325,591	(278,982)	46,609	435,525	(369,536)	65,989
Capital work in progress	-	-	-	1,672,580	-	1,672,580
Specialised vehicles	4,978,139	(727,930)	4,250,209	4,978,139	(504,037)	4,474,102
Leased infrastructure	88,164	(88,164)	-	88,164	(88,164)	-
Community Facilities	9,757,656	(2,731,378)	7,026,278	9,757,656	(2,341,328)	7,416,328
Total	**144,351,074**	**(84,326,628)**	**60,024,446**	**154,256,513**	**(86,187,748)**	**68,068,765**

Controlling entity	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	1,425,001	-	1,425,001	1,425,001	-	1,425,001
Buildings	37,529,231	(19,620,605)	17,908,626	37,529,231	(16,721,421)	20,807,810
Plant and machinery	5,346,033	(4,685,796)	660,237	5,365,797	(4,372,812)	992,985
Furniture and fixtures	4,672,363	(4,309,777)	362,586	4,701,145	(4,110,188)	590,957
Motor vehicles	15,158,173	(11,112,077)	4,046,096	16,312,972	(10,875,265)	5,437,707
Infrastructure	8,684,377	(2,905,458)	5,778,919	8,684,377	(2,425,119)	6,259,258
Security measures	5,109,619	(5,029,463)	80,156	5,109,619	(4,769,481)	340,138
Emergency equipments	3,875,662	(3,710,380)	165,282	4,074,588	(3,780,187)	294,401
Other property, plant and equipment	100,340	(66,027)	34,313	100,340	(54,603)	45,737
Electricity	152,259	(45,646)	106,613	152,259	(38,038)	114,221
Office equipment	12,277,655	(11,000,820)	1,276,835	13,067,435	(10,652,374)	2,415,061
Specialised vehicles	4,978,139	(727,930)	4,250,209	4,978,139	(504,037)	4,474,102
Community Facilities	9,757,656	(2,731,378)	7,026,278	9,757,656	(2,341,328)	7,416,328
Total	**109,066,508**	**(65,945,357)**	**43,121,151**	**111,258,559**	**(60,644,853)**	**50,613,706**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Impairment reversal	Total
Land	12,118,881	-	-	-	-	-	-	12,118,881
Buildings	22,883,325	-	-	1,667,897	(3,009,137)	(384,743)	295,291	21,452,633
Plant and machinery	1,861,960	-	(9)	24	(492,452)	(339,158)	21,410	1,051,775
Furniture and fixtures	699,640	218,357	(7,388)	24	(315,332)	(321)	-	594,980
Motor vehicles	5,437,707	-	(248,856)	-	(1,137,171)	(5,584)	-	4,046,096
Infrastructure	6,259,258	-	-	-	(480,339)	-	-	5,778,919
Security measures	340,138	-	-	-	(259,982)	-	-	80,156
Emergency equipment	294,401	-	(4,402)	-	(124,717)	-	-	165,282
Other property, plant and equipment	45,737	-	-	-	(11,424)	-	-	34,313
Security	1,044,818	15,120	-	-	(49,514)	(114,359)	-	896,065
Electricity	114,221	-	-	-	(7,608)	-	-	106,613
Office equipment	2,547,658	312,040	(24,406)	-	(1,234,688)	(65,887)	-	1,534,717
Roads	792,022	-	-	-	(43,967)	-	92,865	840,920
Electrical Reticulation	65,989	-	-	-	(3,335)	(16,045)	-	46,609
Capital work in progress	1,672,580	(4,683)	-	(1,667,897)	-	-	-	-
Specialised vehicles	4,474,102	-	-	-	(223,893)	-	-	4,250,209
Community facilities	7,416,328	-	-	-	(390,050)	-	-	7,026,278
	68,068,765	**540,834**	**(285,061)**	**48**	**(7,783,609)**	**(926,097)**	**409,566**	**60,024,446**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	12,118,881	-	-	-	-	-	12,118,881
Buildings	26,180,954	-	-	-	(2,974,503)	(323,126)	22,883,325
Plant and machinery	4,960,930	-	240,926	-	(1,182,840)	(2,157,056)	1,861,960
Furniture and fixtures	1,216,164	-	-	-	(503,497)	(13,027)	699,640
Motor vehicles	6,948,944	-	-	-	(1,505,653)	(5,584)	5,437,707
Infrastructure	6,739,590	-	-	-	(480,332)	-	6,259,258
Security measures	1,252,414	-	-	-	(912,276)	-	340,138
Emergency equipment	923,455	-	-	-	(629,052)	(2)	294,401
Other property, plant and equipment	58,350	-	-	-	(12,613)	-	45,737
Security	1,650,066	-	-	-	(68,840)	(536,408)	1,044,818
Electricity	121,829	-	-	-	(7,608)	-	114,221
Office equipment	3,457,916	990,315	-	-	(1,809,623)	(90,950)	2,547,658
Other leased Assets	2,359,888	-	-	(1,244,535)	(1,115,353)	-	-
Roads	945,502	-	-	-	(49,728)	(103,752)	792,022
Electrical Reticulation	363,133	-	-	-	(15,627)	(281,517)	65,989
Capital work in progress	931,783	740,797	-	-	-	-	1,672,580
Specialised vehicles	-	-	-	4,548,774	(74,672)	-	4,474,102
Community facilities	7,806,380	-	-	-	(390,052)	-	7,416,328
	78,036,179	**1,731,112**	**240,926**	**3,304,239**	**(11,732,269)**	**(3,511,422)**	**68,068,765**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1,425,001	-	-	-	1,425,001
Buildings	20,807,810	-	-	(2,899,184)	17,908,626
Plant and machinery	992,985	-	(9)	(332,739)	660,237
Furniture and fixtures	590,957	46,200	(7,388)	(267,183)	362,586
Motor vehicles	5,437,707	-	(248,856)	(1,142,755)	4,046,096
Infrastructure	6,259,258	-	-	(480,339)	5,778,919
Security measures	340,138	-	-	(259,982)	80,156
Emergency equipment	294,401	-	(4,402)	(124,717)	165,282
Other property, plant and equipment	45,737	-	-	(11,424)	34,313
Electricity	114,221	-	-	(7,608)	106,613
Office equipment	2,415,061	12,000	(24,406)	(1,125,820)	1,276,835
Specialised vehicles	4,474,102	-	-	(223,893)	4,250,209
Community facilities	7,416,328	-	-	(390,050)	7,026,278
	50,613,706	**58,200**	**(285,061)**	**(7,265,694)**	**43,121,151**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	1,425,001	-	-	-	-	-	1,425,001
Buildings	23,696,711	-	-	-	(2,888,901)	-	20,807,810
Plant and machinery	1,826,082	-	240,926	-	(687,896)	(386,127)	992,985
Furniture and fixtures	1,072,264	-	-	-	(473,788)	(7,519)	590,957
Motor vehicles	6,948,944	-	-	-	(1,505,653)	(5,584)	5,437,707
Infrastructure	6,739,590	-	-	-	(480,332)	-	6,259,258
Security measures	1,252,414	-	-	-	(912,276)	-	340,138
Emergency equipment	923,455	-	-	-	(629,052)	(2)	294,401
Other property, plant and equipment	58,350	-	-	-	(12,613)	-	45,737
Electricity	121,829	-	-	-	(7,608)	-	114,221
Office equipment	3,204,476	990,315	-	-	(1,766,228)	(13,502)	2,415,061
Other leased Assets	2,359,888	-	-	(1,244,535)	(1,115,353)	-	-
Specialised vehicles	-	-	-	4,548,774	(74,672)	-	4,474,102
Community Facilities	7,806,380	-	-	-	(390,052)	-	7,416,328
	57,435,384	**990,315**	**240,926**	**3,304,239**	**(10,944,424)**	**(412,734)**	**50,613,706**

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.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

11. Intangible assets

Economic entity	2016			2015		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	2,828,227	(2,695,394)	132,833	2,828,227	(1,919,939)	908,288

Controlling entity	2016			2015		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	2,716,412	(2,619,378)	97,034	2,716,412	(1,861,792)	854,620

Reconciliation of intangible assets - Economic entity - 2016

	Opening balance	**Amortisation**	**Total**
Computer software, other	908,288	(775,455)	132,833

Reconciliation of intangible assets - Economic entity - 2015

	Opening balance	**Amortisation**	**Total**
Computer software, other	1,830,812	(922,524)	908,288

Reconciliation of intangible assets - Controlling entity - 2016

	Opening balance	**Amortisation**	**Total**
Computer software, other	854,620	(757,586)	97,034

Reconciliation of intangible assets - Controlling entity - 2015

	Opening balance	**Amortisation**	**Total**
Computer software, other	1,759,275	(904,655)	854,620

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
HIV/AIDS grant	70,535	-	70,535	-
Rural Asset Management Grant	996,402	-	996,402	-
Merger /Transformation Grant	5,393,969	-	5,393,969	-
Gauteng Department of Agriculture And Rural Development	-	480,000	-	480,000
Municipal Water infrastructure grant	2,008,795	-	2,008,795	-
	8,469,701	**480,000**	**8,469,701**	**480,000**

Movement during the year				
Balance at the beginning of the year	480,000	441,132	480,000	441,132
Additions during the year	253,806,266	190,585,852	253,806,266	189,843,643
Government grants & subsidies	(245,816,565)	(190,546,984)	(245,816,565)	(189,804,775)
	8,469,701	**480,000**	**8,469,701**	**480,000**

The nature and extent of government grants recognised in the consolidated annual financial statements and an indication of other forms of government assistance from which the economic entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 23 for reconciliation of grants from National/Provincial Government.

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

13. Payables from exchange transactions

Trade payables	9,204,072	11,314,098	6,722,403	9,714,831
Consumer Deposits	71,802	71,802	71,802	71,802
Debtors with credit balances	41,778	40,500	41,778	40,500
Deposits received	12,549	12,549	12,549	12,549
Salaries payable	952,230	2,557,504	849,359	2,557,504
Leave payable	14,079,163	15,473,292	13,773,485	15,297,909
Stock in transit	12,525	12,525	12,525	12,525
Outstanding cheques	15,455,811	6,297,339	15,455,811	6,297,339
Interest payable	14,613	14,613	14,613	14,613
Other Creditors	49,429	104,439	49,429	104,439
Heritage Creditors account	27,167	27,167	27,167	27,167
	39,921,139	**35,925,828**	**37,030,921**	**34,151,178**

14. VAT payable

VAT payables	3,479,764	4,569,676	-	1,378,390

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

15. Provisions

Reconciliation of provisions - Economic entity - 2016

	Opening Balance	Additions	Utilised during the year	Settled during the year	Total
Long Service Award provision	12,872,289	-	(109,283)	-	12,763,006
Performance Bonus	930,107	65,106	-	-	995,213
Department of labour assessment provision	981,913	-	(282,216)	-	699,697
Closed Curcuit Television Service Provision (CCTV)	5,050,620	-	-	(5,050,620)	-
	19,834,929	**65,106**	**(391,499)**	**(5,050,620)**	**14,457,916**

Reconciliation of provisions - Economic entity - 2015

	Opening Balance	Additions	Utilised during the year	Total
Long Service Award provision	13,014,898	-	(142,609)	12,872,289
Performance Bonus	1,200,278	-	(270,171)	930,107
Department of labour assessment provision	1,785,426	-	(803,513)	981,913
Closed Curcuit Television Service Provision (CCTV)	-	5,050,620	-	5,050,620
	16,000,602	**5,050,620**	**(1,216,293)**	**19,834,929**

Reconciliation of provisions - Controlling entity - 2016

	Opening Balance	Additions	Utilised during the year	Settled during the year	Total
Long Service Award provision	12,872,289	-	(109,283)	-	12,763,006
Performance Bonus	930,107	65,106	-	-	995,213
Department of labour assessment provision	981,913	-	(282,216)	-	699,697
Closed Curcuit Television Service Provision (CCTV)	5,050,620	-	-	(5,050,620)	-
	19,834,929	**65,106**	**(391,499)**	**(5,050,620)**	**14,457,916**

Reconciliation of provisions - Controlling entity - 2015

	Opening Balance	Additions	Utilised during the year	Total
Long Service Award provision	13,014,898	-	(142,609)	12,872,289
Performance Bonus	1,200,278	-	(270,171)	930,107
Department of labour assessment provision	1,785,426	-	(803,513)	981,913
Closed Curcuit Television Service Provision (CCTV)	-	5,050,620	-	5,050,620
	16,000,602	**5,050,620**	**(1,216,293)**	**19,834,929**

Long service award provision reconciliation				
Opening balance	12,872,289	13,014,898	12,872,289	13,014,898
Benefits paid	(976,233)	(1,701,051)	(976,233)	(1,701,051)
Current service costs	1,127,405	1,011,122	1,127,405	1,011,122
Interest costs	1,019,552	985,519	1,019,552	985,519
Actuarial (gains)/ losses	(1,280,007)	(438,199)	(1,280,007)	(438,199)
	12,763,006	**12,872,289**	**12,763,006**	**12,872,289**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

15. Provisions (continued)

Non-current liabilities	11,467,931	11,896,056	11,467,931	11,896,056
Current liabilities	2,989,985	7,938,873	2,989,985	7,938,873
	14,457,916	**19,834,929**	**14,457,916**	**19,834,929**

16. Employee benefit obligations

Defined benefit plan

Post-Retirement Medical Obligation (Non-Current)	51,810,481	58,037,297	51,810,481	58,037,297
Post-Retirement Medical Obligation (Current)	1,554,396	1,363,440	1,554,396	1,363,440
	53,364,877	**59,400,737**	**53,364,877**	**59,400,737**

An actuarial valuation has been performed of the liability in respect of post-employment benefits to employees and retirees of the WRDM, and to their registered dependants as at 30 June 2016. An independent Actuarial Valuerr, which is ARCH Actuarial Consulting was appointed by the municipality to perform these valuations. The company is practicing according to the conditions and requirements of the Actuarial Society of South Africa.

The valuation considers all employees, retired employees and their dependants who participate in the medical aid arrangements and are entitled to a post-employment medical aid subsidy. The post-employment medical aid subsidy liability is not a funded arrangement, i.e no separate assets have been set aside to meet this liability. The Accounting Standards require that an employer's liability be based on the cost of the benefits provided by the employer.

The Medical Schemes Act 1998 enforces community ratings which means that the contributions payable by retirees are the same as those paid by younger members. The employer's cost can therefore be taken as the expected contributions only, as opposed to the expected cost of actual medical aid benefits.

Post retirement medical aid plan

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

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	59,400,737	51,645,952	59,400,737	51,645,952
Benefits paid	(1,363,440)	(1,148,856)	(1,363,440)	(1,148,856)
Net expense recognised in the statement of financial performance	(4,672,420)	8,903,641	(4,672,420)	8,903,641
	53,364,877	**59,400,737**	**53,364,877**	**59,400,737**

Net expense recognised in the statement of financial performance

Current service cost	3,050,063	2,738,558	3,050,063	2,738,558
Interest cost	5,351,779	4,740,583	5,351,779	4,740,583
Actuarial (gains) losses	(13,074,262)	1,424,500	(13,074,262)	1,424,500
	(4,672,420)	**8,903,641**	**(4,672,420)**	**8,903,641**

16. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.54 %	9.11 %	9.54 %	9.11 %
Health cost inflation	8.58 %	8.15 %	8.58 %	8.15 %
Net effective discount rate	0.89 %	0.89 %	0.89 %	0.89 %

Medical Scheme Arrangements
The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

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

Financial Assumptions
Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiantly long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve

Consequently, a discount rate of 9.54% per annum has been used. The corresponding index-linked yield at this term is 1.83%. These rates do not reflect any adjustment for taxation. These rates were deducted from the yield curve obtained from the Bond Exchange of South Africa after the market closed on 30 June 2016.

Key Demographic Assumptions
The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

It has been assumed that 100% of in-service members will remain on the municipality's health care arrangement should they stay until retirement.

It has been assumed that female spouses will be four years younger than their male counterparts. Further, we've assumed that 95% of eligible employees on a health care arrangement at retirement will have an adult dependant. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	**One percentage point decrease**	**One percentage point increase**	**One percentage point decrease**
Effect on the aggregate of the current service cost	3,837,100	2,415,900	3,837,100	2,415,900
Effect on the aggregate of the interest cost	6,349,500	4,511,200	6,349,500	4,511,200

Amounts for the current and previous four years are as follows:

	2016 R	**2015 R**	**2014 R**	**2013 R**	**2012 R**
Defined benefit obligation	53,364,877	59,400,737	51,645,952	39,960,767	35,136,567

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

17. Revenue

Service charges	831,035	1,023,527	831,035	1,023,527
Rental of facilities and equipment	1,993,916	2,074,421	1,548,995	1,533,096
Interest received (trading)	163,209	129,987	157,098	114,441
Agency services (Ambulance services)	27,206,217	37,789,000	27,206,217	37,789,000
Licences and permits	246,084	185,764	246,084	185,764
Other income	32,223,590	3,331,161	31,866,383	3,293,023
Interest received - investment	3,180,464	3,297,067	3,180,464	3,297,067
Government grants & subsidies	245,816,565	190,546,984	245,816,565	189,804,775
	311,661,080	**238,377,911**	**310,852,841**	**237,040,693**

The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	831,035	1,023,527	831,035	1,023,527
Rental of facilities and equipment	1,993,916	2,074,421	1,548,995	1,533,096
Interest received (trading)	163,209	129,987	157,098	114,441
Agency services (Ambulance services)	27,206,217	37,789,000	27,206,217	37,789,000
Licences and permits	246,084	185,764	246,084	185,764
Other income	32,223,590	3,331,161	31,866,383	3,293,023
Interest received - investment	3,180,464	3,297,067	3,180,464	3,297,067
	65,844,515	**47,830,927**	**65,036,276**	**47,235,918**

The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Transfer revenue				
Government grants & subsidies	245,816,565	190,546,984	245,816,565	189,804,775

18. Service charges

Other service charges	831,035	1,023,527	831,035	1,023,527

19. Rental of facilities and equipment

Facilities and equipment				
Rental of facilities (Shops and BP garage)	1,358,030	1,339,101	1,358,030	1,339,101
Lease of living units	165,315	166,115	165,315	166,115
Parking spaces	25,650	27,880	25,650	27,880
Recreation facilities (Donaldson Dam)	444,921	541,325	-	-
	1,993,916	**2,074,421**	**1,548,995**	**1,533,096**

20. Agency services (Ambulance services)

Ambulance services				
Emergency medical services	27,206,217	37,789,000	27,206,217	37,789,000

The Ambulance function was carried by the Municipality on behalf of Gauteng Department of Health. During 2015/2016 financial year this function was surrendered back to Gauteng Department of Health together with its human resources. The Municipality was reimbursed for operational costs relating to this function for the period of five months.t

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

21. Other income

Sundry income	596,504	1,100,961	567,096	1,068,882
Other income	327,799	6,059	-	-
Contributions from local municipalities	30,760,233	1,500,000	30,760,233	1,500,000
Sale and plants	276,458	391,177	276,458	391,177
Insurance claims	-	42,645	-	42,645
LG Seta Grants	256,404	284,125	256,404	284,125
Private telephone calls	6,192	6,194	6,192	6,194
	32,223,590	**3,331,161**	**31,866,383**	**3,293,023**

22. Investment revenue

Interest revenue				
Bank	3,180,464	3,297,067	3,180,464	3,297,067

23. Government grants and subsidies

Operating grants				
Equitable share	30,593,000	27,825,000	30,593,000	27,825,000
Expanded public works programme	1,000,000	1,290,000	1,000,000	1,290,000
Financial management grant	1,250,000	1,250,000	1,250,000	1,250,000
RSC Replacement grant	154,249,000	150,519,000	154,249,000	150,519,000
HIV/AIDS grant	6,565,506	6,379,607	6,565,506	6,379,607
Municipal system improvement grant	930,000	934,000	930,000	934,000
Network Libraries	2,504,017	937,525	2,504,017	937,525
Rural asset management grant	1,207,598	-	1,207,598	-
Merger/ Transformation grant	9,606,031	-	9,606,031	-
Gauteng Department of Agriculture And Rural Development	3,149,643	669,643	3,149,643	669,643
	211,054,795	**189,804,775**	**211,054,795**	**189,804,775**

Capital grants				
Municipal Water Infrastructure grant	24,761,770	-	24,761,770	-
Neighborhood Development partnership grant	10,000,000	-	10,000,000	-
Gauteng Department of Economics Development	-	742,209	-	-
	34,761,770	**742,209**	**34,761,770**	**-**
	245,816,565	**190,546,984**	**245,816,565**	**189,804,775**

Conditional and Unconditional

IIncluded in above are the following grants and subsidies received in the Municipality's bank account:

Conditional grants received	68,964,266	11,460,775	68,964,266	11,460,775
Unconditional grants received	184,842,000	178,344,000	184,842,000	178,344,000
	253,806,266	**189,804,775**	**253,806,266**	**189,804,775**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

23. Government grants and subsidies (continued)

Expanded public works programme

Current-year receipts	1,000,000	1,290,000	1,000,000	1,290,000
Conditions met - transferred to revenue	(1,000,000)	(1,290,000)	(1,000,000)	(1,290,000)
	-	-	-	-

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

The grant used for Labour Intensive programmes as outlined by National Government.

Financial management grant

Current-year receipts	1,250,000	1,250,000	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,250,000)	(1,250,000)	(1,250,000)	(1,250,000)
	-	-	-	-

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

The grant is used to promote and support reforms in financial management by building capacity in the municipality.

RSC Replacement grant

Current-year receipts	154,249,000	150,519,000	154,249,000	150,519,000
Conditions met - transferred to revenue	(154,249,000)	(150,519,000)	(154,249,000)	(150,519,000)
	-	-	-	-

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

The grant used as revenue adjustment factor as the district does not collect own revenue from property rates .

HIV/AIDS grant

Balance unspent at beginning of year	-	3,607	-	3,607
Current-year receipts	6,636,041	6,376,000	6,636,041	6,376,000
Conditions met - transferred to revenue	(6,565,506)	(6,379,607)	(6,565,506)	(6,379,607)
	70,535	-	**70,535**	-

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

Grant is utilised to finance HIV/AIDS project campaignes at the WRDM and its Local Municipality.

Municipal system improvements grant

Current-year receipts	930,000	934,000	930,000	934,000
Conditions met - transferred to revenue	(930,000)	(934,000)	(930,000)	(934,000)
	-	-	-	-

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

This grant is used to improve new systems within the municipality.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

23. Government grants and subsidies (continued)

Network Libraries

Balance unspent at beginning of year	-	437,525	-	437,525
Current-year receipts	2,504,017	500,000	2,504,017	500,000
Conditions met - transferred to revenue	(2,504,017)	(937,525)	(2,504,017)	(937,525)
	-	**-**	**-**	**-**

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

This grant is used to assist with wireless connection and hardware of libraries within the West Rand region .

Rural asset management grant

Current-year receipts	2,204,000	-	2,204,000	-
Conditions met - transferred to revenue	(1,207,598)	-	(1,207,598)	-
	996,402	**-**	**996,402**	**-**

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

This grant is used to improve asset management at rural and farming areas.

Merger/ Transformation grant

Current-year receipts	15,000,000	-	15,000,000	-
Conditions met - transferred to revenue	(9,606,031)	-	(9,606,031)	-
	5,393,969	**-**	**5,393,969**	**-**

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

This grant is used to facilitate the merger process between Westonaria and Randfontein.

Gauteng Department of Agriculture And Rural Development (GDARD)

Balance unspent at beginning of year	480,000	-	480,000	-
Current-year receipts	2,669,643	1,149,643	2,669,643	1,149,643
Conditions met - transferred to revenue	(3,149,643)	(669,643)	(3,149,643)	(669,643)
	-	**480,000**	**-**	**480,000**

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

This grant is used to assist with rural and farming development within West Rand region.

Municipal Water Infrastructure grant

Current-year receipts	26,770,565	-	26,770,565	-
Conditions met - transferred to revenue	(24,761,770)	-	(24,761,770)	-
	2,008,795	**-**	**2,008,795**	**-**

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

This grant is used to assist with the implementation of infrastructure master plan within West Rand region.n.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

23. Government grants and subsidies (continued)

Neighborhood Development partnership grant

Conditions met - transferred to revenue	10,000,000	-	10,000,000	-
Other	(10,000,000)	-	(10,000,000)	-
	-	-	-	-

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

The grant is used for the development of Regional capital projects within West Rand region.

Gauteng Department of Economics Development

Balance unspent at beginning of year	-	742,209	-	-
Current-year receipts	-	(742,209)	-	-
	-	-	-	-

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

This grant was utilised to assist with the construction of a by back centre.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

24. Employee related costs

Basic	105,852,954	106,412,900	101,440,803	103,773,983
Bonus	7,721,387	6,704,685	7,721,387	6,704,685
Medical aid - company contributions	10,005,999	10,982,337	10,005,999	10,982,337
UIF	683,482	781,930	683,482	781,930
Workmen's Compensation Annuity (WCA)	-	2,225	-	-
SDL	1,405,870	1,497,385	1,405,870	1,497,385
Leave pay provision charge	5,415,457	8,701,777	5,251,150	8,693,334
Pension fund contribution	17,685,141	18,843,452	17,685,141	18,843,452
Group Insurance	1,563,498	1,649,270	1,563,498	1,649,270
Travel, motor car, accommodation, subsistence and other allowances	9,041,106	9,307,353	9,033,422	9,304,753
Overtime payments	1,489,660	1,444,719	1,489,660	1,444,719
Acting allowances	515,470	439,482	515,470	439,482
Housing benefits and allowances	1,120,409	1,250,708	1,120,409	1,250,708
Standby and night shift allowance	3,138,123	2,566,296	3,138,123	2,566,296
Sunday and public holiday	3,855,043	4,454,033	3,855,043	4,454,033
Industrial council levy	69,773	41,708	69,773	41,708
	169,563,372	**175,080,260**	**164,979,230**	**172,428,075**

Remuneration of municipal manager (M.D. Mokoena)

Annual Remuneration	1,372,140	1,275,244	1,372,140	1,275,244
Car Allowance	216,000	209,000	216,000	209,000
Performance Bonuses	142,933	96,543	142,933	96,543
Subsistance	5,184	10,669	5,184	10,669
	1,736,257	**1,591,456**	**1,736,257**	**1,591,456**

Remuneration of chief finance officer (R. Mohaudi)

Annual Remuneration	1,140,132	699,896	1,140,132	699,896
Car Allowance	240,000	160,000	240,000	160,000
Performance Bonuses	124,212	-	124,212	-
Leave Encashment	44,164	-	44,164	-
Subsistance	1,962	670	1,962	670
	1,550,470	**860,566**	**1,550,470**	**860,566**

Executive Manager: Regional and Economic Development (H. Hamer)

Annual Remuneration	1,280,132	1,148,956	1,280,132	1,148,956
Car Allowance	100,000	140,888	100,000	140,888
Performance Bonuses	124,212	-	124,212	-
Leave encashment	-	154,781	-	154,781
Subsistance	-	64,492	-	64,492
	1,504,344	**1,509,117**	**1,504,344**	**1,509,117**

Executive Manager: Corporate Services (S.S.L Ngcobo) Resigned September 2014

Annual Remuneration	-	201,220	-	201,220
Car Allowance	-	46,000	-	46,000
Leave payout	-	49,788	-	49,788
	-	**297,008**	**-**	**297,008**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

24. Employee related costs (continued)

Executive Manager: Health & Social Services (K.S. Ndlovu)

Annual Remuneration	1,140,132	1,049,844	1,140,132	1,049,844
Car Allowance	240,000	240,000	240,000	240,000
Performance Bonuses	124,212	-	124,212	-
Leave Encashment	-	41,275	-	41,275
	1,504,344	**1,331,119**	**1,504,344**	**1,331,119**

Execitive Manager: Public Satefy (M.E. Koloi)

Annual Remuneration	944,424	873,996	944,424	873,996
Car Allowance	169,332	169,332	169,332	169,332
Performance Bonuses	124,212	-	124,212	-
Leave Encashment	-	196,056	-	196,056
Subsistance	1,340	1,005	1,340	1,005
Lond Service Award	-	67,503	-	67,503
	1,239,308	**1,307,892**	**1,239,308**	**1,307,892**

Remuneration of directors and executive managers (WRDA)

Board fees - non-executive directors	297,250	261,000	-	-
Basic salary and allowances - executive managers	1,656,303	1,036,018	-	-
	1,953,553	**1,297,018**	**-**	**-**

25. Remuneration of councillors

Executive Major	846,275	845,255	846,275	845,255
Mayoral Committee Members	4,015,090	4,676,515	4,015,090	4,676,515
Speaker	681,194	680,378	681,194	680,378
Councillors	4,425,598	3,891,223	4,425,598	3,891,223
	9,968,157	**10,093,371**	**9,968,157**	**10,093,371**

26. Depreciation and amortisation

Property, plant and equipment	7,807,067	12,162,871	7,265,697	11,357,158
Intangible assets	757,586	904,655	757,586	904,655
	8,564,653	**13,067,526**	**8,023,283**	**12,261,813**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

27. Impairment of assets

Impairments				
Property, plant and equipment Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]	920,512	3,098,687	-	-
Reversal of impairments				
Property, plant and equipment Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]	(409,565)	-	-	-
Total impairment losses (recognised) reversed	**510,947**	**3,098,687**	**-**	**-**

28. Finance costs

Finance leases	-	511,951	-	511,951
Other interest paid	-	88,214	-	88,214
	-	**600,165**	**-**	**600,165**

29. Debt impairment

Contributions to debt impairment provision	700,085	3,048,136	700,085	3,048,136
Bad debts written off	189,794	-	-	-
	889,879	**3,048,136**	**700,085**	**3,048,136**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

30. General expenses

External Audit fees	2,872,585	2,596,796	2,748,025	2,335,143
Advertising	635,971	397,029	396,691	283,579
Bank charges	86,666	134,126	75,698	121,593
EPWP Expenditure	1,001,531	1,289,775	1,001,531	1,289,775
LSA and PEMA Interest cost	6,371,331	5,726,102	6,371,331	5,726,102
Consulting and professional fees	7,615,169	6,495,443	6,533,718	5,909,014
Consumables	91,808	111,453	91,680	97,651
Computer expenses	102,566	4,744	-	-
Entertainment	115,503	108,400	75,447	101,157
Fines and penalties	97,431	19,502	-	-
Pensioners medical aid	1,280,313	1,167,928	1,280,313	1,167,928
Insurance	1,457,796	995,927	1,457,796	995,927
MWIG Expenditure (1)	20,777,622	-	20,777,622	-
Levies	2,778,106	2,229,901	2,778,106	2,229,901
Magazines, books and periodicals	804	2,174	804	2,174
Membership fees	1,743,891	1,966,451	1,743,891	1,966,451
Fuel and oil	2,034,849	2,398,084	2,033,849	2,398,084
Printing and stationery	202,639	323,081	188,476	252,897
Royalties and license fees	1,626,326	875,576	1,626,326	875,576
Security (Guarding of municipal property) & CCTV	6,410,194	10,490,497	5,171,497	9,699,916
Staff welfare	80,363	83,977	80,363	83,977
Telephone and fax	7,040,450	7,787,032	6,934,837	7,680,435
Training	983,289	1,019,136	915,612	996,769
NDPG Expenditure	8,545,408	-	8,545,408	-
Municipal charges -water, electricity and levies	165,289	489,663	-	-
Uniforms and protective clothing	1,292,090	1,392,428	1,292,090	1,368,690
Rural asset management expenditure	1,059,296	-	1,059,296	-
Merger/ Transformation Expenditure (3)	8,426,343	-	8,426,343	-
Current Service Cost	4,177,468	3,749,680	4,177,468	3,749,680
Stock and Material	448,924	408,444	446,314	396,940
Special Programmes and Projects	21,734,119	19,533,013	21,734,119	19,533,013
Unforseen and Disaster Expenses	-	3,512	-	3,512
OR Tambo game (2)	5,694,108	233,364	5,694,108	233,364
Sundry expenses (4)	6,904,388	1,102,898	6,904,388	1,102,898
	123,854,636	**73,136,136**	**120,563,147**	**70,602,146**

(1) MWIG expenditure relates to expenditure on Municipality water intrastructure project in the West Rand region. West Rand District Municipality was appointed as an implementatng agent to administer this grant.

(2) The material movement on OR Tambo games relates to games at which the Municipalities within Gauteng competes against each other and in 2015/2016 these games were hosted by West Rand region.

(3) Merger/ Tranformation expenditure relates to expenditure incurred by West Rand District Municipality to facilitate a merger between Westonaria and Randfontein local municipalities as promulgated by the demarcation board.

(4) Included in sundry expenses is an amount of R6,213,226 which relates materials losses incurred during the year. Please refer to the note under material losses for more details.

31. Fair value adjustments

Investment property (Fair value model)	230,000	868,000	230,000	868,000
Biological assets - (Fair value model)	644,261	53,162	644,261	53,162
	874,261	**921,162**	**874,261**	**921,162**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

32. Cash (used in) generated from operations

Surplus (deficit)	4,067,745	(46,168,000)	8,554,077	(42,644,715)
Adjustments for:				
Depreciation and amortisation	8,564,653	13,067,526	8,023,283	12,261,813
Gain (loss) on sale of assets and liabilities	285,058	(240,926)	285,058	(240,926)
Workmen's compensation movement	(282,217)	(803,513)	(282,217)	(803,513)
Fair value adjustments	(874,261)	(921,162)	(874,261)	(921,162)
Finance costs - Finance leases	-	511,951	-	511,951
Net impairment charge	510,947	3,098,687	-	-
Debt impairment	889,879	3,048,136	700,085	3,048,136
Movements in retirement benefit assets and liabilities	(6,035,860)	7,754,785	(6,035,860)	7,754,785
Movements in provisions	(5,377,013)	3,834,327	(5,377,013)	3,834,327
Other non-cash items	(739,467)	695,446	(193,669)	913,559
Write off of Creditors balance	(327,751)	-	-	-
Accrued interest	(224,200)	-	(224,200)	-
Changes in working capital:				
Inventories	(251,982)	(328,029)	(251,982)	(328,029)
Receivables from exchange transactions	(25,143,319)	(1,329,445)	(25,171,884)	(1,300,878)
Long-term receivables	(666,170)	(630,297)	(666,170)	(630,297)
Payables from exchange transactions	4,323,063	18,524,904	2,879,743	17,517,113
VAT	(7,882,347)	(27,942)	(8,170,825)	817,712
Unspent conditional grants and receipts	7,989,701	480,000	7,989,701	480,000
	(21,173,541)	**566,448**	**(18,816,134)**	**269,876**

33. Disposal of: a significant asset(s) /or a group of assets and liabilities /or a component of the entity

Management has taken a decision to dispose of the Katlego facilities in the 2016/2017 financial year and it is currently awaiting Parent municipality Council approval in terms of section 90 of the MFMA.

34. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2016

Financial assets

	At amortised cost	Total
Long term debtors	2,223,526	2,223,526
Receivables from exchange transactions	27,910,111	27,910,111
Cash and cash equivalents	13,903,725	13,903,725
	44,037,362	**44,037,362**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	39,921,139	39,921,139
Unspent conditional grants and receipts	8,469,701	8,469,701
	48,390,840	**48,390,840**

Economic entity - 2015

Financial assets

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

. Financial instruments disclosure (continued)

	At amortised cost	Total
Long term debtors	1,557,356	1,557,356
Receivables from exchange transactions	2,956,588	2,956,588
Cash and cash equivalents	35,611,989	35,611,989
	40,125,933	**40,125,933**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	35,925,828	35,925,828
Unspent conditional grants and receipts	480,000	480,000
	36,405,828	**36,405,828**

Controlling entity - 2016

Financial assets

	At amortised cost	Total
Long term debtors	2,223,526	2,223,526
Receivables from exchange transactions	27,910,111	27,910,111
Cash and cash equivalents	13,901,194	13,901,194
	44,034,831	**44,034,831**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	37,030,921	37,030,921
Unspent conditional grants and receipts	8,469,701	8,469,701
	45,500,622	**45,500,622**

Controlling entity - 2015

Financial assets

	At amortised cost	Total
Long term debtors	1,557,356	1,557,356
Receivables from exchange transactions	2,738,227	2,738,227
Cash and cash equivalents	32,775,528	32,775,528
	37,071,111	**37,071,111**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	34,151,178	34,151,178
Unspent conditional grants and receipts	480,000	480,000
	34,631,178	**34,631,178**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

. Financial instruments disclosure (continued)

35. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Fire engines and rescue vehicles	13,832,000	-	13,823,000	-
Total capital commitments				
Already contracted for but not provided for	13,832,000	-	13,823,000	-

Capital commitment relates to fire engines and rescue vehicles which willbe leased through a finance lease for a period of 36 months due to high service delivery demands.

Operating leases - as lessee (expense)

Minimum lease payments due				
- within one year	539,761	-	73,201	-
- in second to fifth year inclusive	41,990	-	-	-
	581,751	**-**	**73,201**	**-**

The Municipality was awarded contracts through its supply chain management processes to replace the expired lease contracts. The total value of commitments as a result of the contract for leasing of fleet vehicles and insurance amount to Leasing of Fleet for R16,824,663.32.

Operating leases - as lessor (income)

Minimum lease payments due				
- within one year	1,459,235	1,050,084	1,459,235	1,050,084
- in second to fifth year inclusive	3,706,525	1,208,441	3,706,525	1,208,441
- later than five years	1,358,742	-	1,358,742	-
	6,524,502	**2,258,525**	**6,524,502**	**2,258,525**

Certain of the Municipality's equipment is held to generate rental income. Rental of equipment is expected to generate rental yields of 10% on an ongoing basis. Lease agreements are non-cancellable and have terms from 3 to 6 years. There are no contingent rents receivable.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

36. Contingencies

Izak Smal (Up & Under Motors *Despite a court order, Plaintiff claims unlawful eviction from the BP Garage Site and claim loss of income.Matter handed over to the WRDM attorneys to defend the matter. Special pleas raised by WRDM on security to be given by Plaintiff and prescription of the matter. Matter regarding securities set down for 22 August 2016.*	9,655,700	9,655,700	9,655,700	9,655,700
Nolusaphu Matwa *Claim for medical negligence at the Bekkersdal Clinic where baby suffered injuries when born. Terms and conditions. Claimant was informed that claim must be instituted against the Department of Heath as the relevant authority dealing with Primary Health Care Services. No further information received as at date of submission of AFS*	10,000,000	10,000,000	10,000,000	10,000,000
Zoliswa Patricia Ndaba *Notice in terms of Section 3 of the Institution of Legal Proceedings against Organs of State Act 40 of 2002 received. Claim for injury due to hazard on pavement. Claimant informed that WRDM not responsible for pavements and claim must be referred to Randfontein LM. No further information received as at date of submission of AFS.*	380,000	-	380,000	-
Waldo Coetzer & Luke Paulse *Notice in terms of Section 3 of the Institution of Legal Proceedings against Organs of State Act 40 of 2002 received. Claim for injury due to hazard in road. Claimant informed that WRDM not responsible for road maintenance and claim must be referred to Merafong City LM. No further information received as at date of submission of AFS.*	1,950,000	-	1,950,000	-
Nwabisa Mzayiya *Notice in terms of Section 3 of the Institution of Legal Proceedings against Organs of State Act 40 of 2002 received. Claim for injury due to hazard on pavement. Claimant informed that WRDM not responsible for pavements and claim must be referred to Westonaria LM.*	300,000	-	300,000	-
Van Greunen *Motor vehicle accident: Claim for loss of income from bread winner who died in accident. Alleged that WRDM failed to ensure that there were adequate warning signs at a T-junction. Randfontein LM is first Defendant, WRDM second Defendant.*	2,732,533	2,732,533	2,732,533	2,732,533
	25,018,233	**22,388,233**	**25,018,233**	**22,388,233**

The Development Agency cannot reliable determine the amount of penalities interest that would be payable to the Receiver of Revenue as a result error made in accounting for vat in prior years. The vat treatment has accordingly been reported and accounted for in prior year audited annual financial statements.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

37. Related parties

Relationships

Accounting Officer	Refer to accounting officer's report note
Members of key management	N.D. Mokoena : Accounting Officer R. Mohaudi : Chief Financial Officer M.E. Koloi : Executive Manager - Public Safety K.S. Ndlovu : Executive Manager - Health & Social Services H. Hamer : Executive Manager - Regionaland Economic Development S.S. Ngcobo : Executive Manager - Corporate Services (Resigned September 2014)

The municipality has a 100% share in the WRDA. The entity has its own board of directors and its own executive management.

Transactions relating to key management personnel are dislosed in Note 25 and have been accounted for according to GRAP 20.

Related party balances

Entity				
WRDA (SOC)			4,394,200	4,394,200

The WRDM has a relationship with Ranfontein, Merafong City, Westonaria and Mogale City Local Municipalies and the WRDA which has resulted in the tranfers by the WRDM during the 2015/2016 financial year end. In the current financial year, the munipality transferred money to the WRDA.

To the best of the WRDM knowledge and taking into account all the disclosure made, no councillor or official has any direct or indirect personal or private business in any matter before the council, or acquired or stand to acquire any direct benefit from contract concluded with the municipality. All assets cotributed for the establishment of the WRDA were at fair value. Mr B. Blake was re-elected as a councillor in the WRDM from 25 August 2016. No business will be done with Blakes Travel Agency (Pty) ltd.

Compensation to accounting officer and other key management				
Short-term employee benefits	704,886	(173,628)	704,886	(173,628)
Defined contribution plans	126,466	306,652	126,466	306,652
	831,352	**133,024**	**831,352**	**133,024**

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

38. Prior period errors

Inventory

Inentory opening balance was overstated due to system conversation error in 2008/2009 financial period. The inventory closing balance in 30 June 2009 did not agree with the inventory balance in 01 July 2009. This affects profit and loss account since stock transtaction relates to stock issues which are expensed every year. The error amount to R411, 140.

Property, plant and equipment

Plant and equipment was disposed in 2013/2014 and 2014/2015 financial period. The net amount of R594,157 was deducted twice from the Fixed asset register which resulted to double accounting in the general ledger. This error affected the cost and the accumulated depreciation balance of plant and equipment. The contra-entry affects the asset disposal account.

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

Statement of Financial Position	As Previously Reported	Change in accounting policy	Re-classification	Correction of error	Restated Balance
Inventory	867,336	-	-	(411,140)	456,196
Property, plant and equipment	50,019,549	-	-	594,157	50,613,706
Accumulated (surplus)/ deficit	7,076,229	-	-	(183,017)	6,893,212
	-	-	-	-	-

Statement of Financial Performance	As Previously Reported	Change in accounting policy	Re-classification	Correction of error	Restated Balance
(Loss)/ gain on disposal of assets and liabilities	(353,231)	-	-	594,157	240,926

39. Events after the reporting date

There were no events or transactions which occured after 30 June 2016 that require a disclosure or adjustment in the Annual financial statement of West Rand District Municipality and West Rand Development Agency..

40. Risk management

Financial risk management

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

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Economic entity - 2016	Economic entity - 2015	Controlling entity - 2016	Controlling entity - 2015
Funds in call accounts	142,148	175,573	140,465	-
VBS Fixed deposit	10,224,200	21,517,233	10,224,200	21,517,233

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

41. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contigent obligations and commitments will occur in the ordinary course of business.

42. Unauthorised expenditure

No unauthorised expenditure as at 30 June 2016:

43. Fruitless and wasteful expenditure

Opening balance	282,236	12,795	1,802	1,802
Add: for the year - Mobile telephone costs (a)	-	27,872	-	-
Add: for the year - SARS penalties and interest (b)	100,669	19,502	3,238	-
Add: for the year - Water expense (c)	-	222,067	-	-
	382,905	**282,236**	**5,040**	**1,802**

(a) The mobile telephone costs relate to payment made in error to former CEO for the period of April 2014 to May 2015.

(b) The SARS penalties and interest relates to late payments of PAYE and VAT and interest charged thereon.

(c) The water expense relates to a burst pip at Donaldson Dam that went unnoticed for a period of time, which led to the excessive water charge (loss) of R 222,067.

44. Irregular expenditure

Opening balance	1,066,532	976,912	851,592	851,592
Replacement of electricity wiring and parts	-	89,620	-	-
Add: Irregular Expenditure - current year	47,500	-	47,500	-
	1,114,032	**1,066,532**	**899,092**	**851,592**

Analysis of expenditure awaiting condonation per age classification

Current year	47,500	89,620	47,500	-
Prior years	1,066,532	976,912	851,592	851,592
	1,114,032	**1,066,532**	**899,092**	**851,592**

Details of irregular expenditure – current year

Non-adherence to SCM regulations in the year 2015/2016.	47,500

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

44. Irregular expenditure (continued)

Details of irregular expenditure recoverable (not condoned)

Not-adherence to SCM regulations in the year 2011/2012. The employee was since dismissed in the same year. - Awaiting MPAC Investigation & Recommendation to Council	851,592
Not-adherence to SCM regulations. Replacement of electricity wiring and parts	214,940
	1,066,532

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2016	2015	2016	2015
Opening balance	1,743,891	1,966,541	1,743,891	1,966,541
Current year subscription / fee	(1,743,891)	(1,966,541)	(1,743,891)	(1,966,541)
	-	-	-	-

Material losses

	2016	2015	2016	2015
Opening balance ^^	4,000,000	4,000,000	4,000,000	4,000,000
Current year **	6,213,226	-	6,213,226	-
	10,213,226	**4,000,000**	**10,213,226**	**4,000,000**

** Material expenditure/ losses recognised on reconciling items resulting from mSCOA upgrade done on 29 June 2016. Material expenditure/ losses relates to the difference between cashbook and bank statements.

^^ The Accounting Officer opened a criminal case with the South African Police Services (SAPS) in terms of Section 52 of the MFMA. The alleged incumbent resigned and has pleaded guilty and the judgement will be passed by Court. Further civil matters has already been pursueded to recover the WRDM losses. The internal personnel has already underwent disciplinary procedures and the employee have been dismissed.

Audit fees

	2016	2015	2016	2015
Opening balance	2,760,203	2,335,143	2,748,025	2,335,143
Current year subscription / fee	(2,623,465)	(2,073,490)	(2,748,025)	(2,335,143)
Amount paid - current year	(136,738)	-	-	-
Amount paid - previous years	-	(249,475)	-	-
	-	**12,178**	**-**	**-**

PAYE and UIF

	2016	2015	2016	2015
Opening balance	27,780,000	27,991,891	27,780,000	27,991,891
Current year subscription / fee	(27,780,000)	(27,991,891)	(27,780,000)	(27,991,891)
Current year PAYE	949,859	539,942	-	-
Amount paid - current year	32,562	21,354	-	-
Amount paid - previous years	(949,633)	(561,296)	-	-
	32,788	**-**	**-**	**-**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	2015	2016	2015

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

Pension and Medical Aid Deductions

Opening balance	26,985,969	29,530,762	26,985,969	29,530,762
Current year subscription / fee	(26,985,969)	(29,530,762)	(26,985,969)	(29,530,762)
	-	-	-	-

VAT

VAT receivable	6,792,435	-	6,792,435	-
VAT payable	3,479,764	4,569,676	-	1,378,390
	10,272,199	**4,569,676**	**6,792,435**	**1,378,390**

VAT output payables and VAT input receivables are shown in note 514.

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

Councillors' arrear consumer accounts

The WRDM had no councillors with arrear accounts as at 30 June 2016:

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident				
Emergency	-	24,032	-	24,032
Sole Provider	1,821,114	554,153	1,821,114	554,153
Impractical to follow SCM	1,304,238	2,905,205	1,304,238	2,905,205
	3,125,352	**3,483,390**	**3,125,352**	**3,483,390**

46. 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 board and includes a note to the consolidated annual financial statements.