

Planning by	Reviewed	Performed by	Final review

Client details

Client name: West Rand District Municipality
Year end: 30 June 2017

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Date printed



West Rand District Municipality
(Registration number DC48)
Consolidated Annual Financial Statements
for the year ended 30 June 2017

West Rand District Municipality

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity

District Municipality

DC

Municipal Finance Management Act (No.56 of 2003)

Nature of business and principal activities

Local Municipality

Mayoral committee

Executive Mayor

Ald. B.M Maneli (Executive Mayor)

Councillors

H.O Butler (MMC : Public Safety)

P. Chabane (MMC : Corporate & Shared Services)

S. Konopi (MMC : Transport and Human Settlements)

T.P Matuwane (MMC: Environmental Services)

D.D Moreotsenye (MMC: Infrastructure)

S.D Thabe (MMC: Regional Industrailisation)

B. Xulu (MMC : Health & Social Services)

N. Tundzi-Hawu (Speaker)

S.P Monoane (Council Whip)

S.E Baloyi

Ald. B.D Blake

M.F Chohledi

D. Cloete

D.S David

J.D.H Du Bruyn

E. Du Plessis

G. Isherwood

S. Khenene

V.B Khumalo

M.T Lebe

B. Mahuma

K. Mandyu

N. Mapena-Dlamini

R. Masmola

B. May

L.A Mganu

S.A Mkhumbeni

B. Mnguni

T. Mokuke

R.T Molusi

B.A Mpeke

I.E Mokwevho

M. Ndamase

N. Ndzilane

M. Nkoe

P.C Orpen-Reld

Ald. D. H Pretorius

A.L Rowles- Zwart

B. Vad der Berg

A. Van Tonder

C.P Zagagana

J.D.W Zwart

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

General Information

Chief Finance Officer (CFO)	R. Mohaudi
Accounting Officer	M.D Mokoena
Registered office	Cnr Sixth & Park Street Randfontein 1760
Postal address	Private Bag X033 Randfontein 1760
Controlling entity	West Rand District Municipality
Bankers	Standard Bank of Southern Africa

West Rand District Municipality

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CCTV	Closed Circuit Television
EPWP	Expanded public works programme
LSA	Long service award
PEMA	Post employment medical aid
GRAP	Generally Recognised Accounting Practice
GDARD	Gateng Department of Agriculture and Rural Development
MMC	Member of Mayoral Committee
FMG	Financial Management Grant
IMFO	Institute of Municipal Finance Officers
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
ME's	Municipal Entities
MPAC	Municipal Public Accounts Committee
MFMA	Municipal Finance Management Act
MWIG	Municipal water infrastructure grant
WRDM	West Rand District Municipality
WRDA	West Rand Development Agency
VAT	Value added tax

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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 was 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) including any interpretations, guidelines and directives 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 accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the National and Provincial grants for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the municipality 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 municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the economic entity's external auditors.

The consolidated annual financial statements set out on pages 6 to 92, which have been prepared on the going concern basis, were approved by the accounting officer on 29 September 2017 and were signed on its behalf by:

M.D Mokoena
Municipal Manager

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Audit Committee Report

West Rand District Municipality

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Review of activities

2. 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 National 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 rigorous cost containment measures to restore 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 Development Agency, Go- West and other special programs. In addition, the municipality has set-up a project support office to assist with resourcing of external funding.

The MEC responsible for Local Government in the province, has restored the powers and functions of the WRDM in line with Section 84 of the Local Government: Municipal Structures Act. The restored powers and functions are expected to result in additional revenue streams being collected by WRDM.

The WRDM would also further be responsible for the provision of Bulk Infrastructure within the West Rand Region.

3. Subsequent events

All matters and events that occurred between 30 June 2017 and the date of submission of the annual financial statements have been taken into account and appropriately reported.

4. Accounting Officer's interest in contracts

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

5. Accounting policies

The consolidated annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
M.D Mokoena	South African

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.

9. Non compliance with applicable legislation

Any instance of non compliance to applicable legislation is fairly disclosed in the Notes to the Annual Financial Statements.

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2017	2016 Restated*	2017	2016 Restated*
Assets					
Current Assets					
Cash and cash equivalents	3	2,400,740	13,903,724	2,292,237	13,901,193
Receivables from exchange transactions	4	36,649,260	27,676,507	36,649,260	27,676,507
VAT receivable	5	10,387,887	6,718,633	10,387,887	6,718,633
Inventories	6	388,870	708,178	388,870	708,178
		49,826,757	49,007,042	49,718,254	49,004,511
Non-Current Assets					
Long-term receivables	7	1,054,815	1,078,933	1,054,815	1,078,933
Biological assets that form part of an agricultural activity	8	1,112,131	972,123	1,112,131	972,123
Investment property	9	4,680,000	4,680,000	4,680,000	4,680,000
Property, plant and equipment	10	91,462,552	67,826,569	76,575,936	50,923,274
Intangible assets	11	17,932	132,833	2	97,034
Investments in controlled entities		-	-	14,578,528	14,578,528
		98,327,430	74,690,458	98,001,412	72,329,892
Total Assets		148,154,187	123,697,500	147,719,666	121,334,403
Liabilities					
Current Liabilities					
Overnight Bank facility	3	22,000,139	-	22,000,139	-
Payables from exchange transactions	12	56,529,734	38,348,444	54,474,698	35,462,016
VAT payable	13	3,568,230	2,940,125	-	-
Unspent conditional grants and receipts	14	-	8,469,701	-	8,469,701
Provisions	15	2,953,935	2,989,985	2,953,935	2,989,985
Employee benefit obligation	16	1,565,525	1,554,396	1,565,525	1,554,396
Finance lease obligation	17	13,322,638	-	13,322,638	-
		99,940,201	54,302,651	94,316,935	48,476,098
Non-Current Liabilities					
Provisions	15	11,334,247	11,467,931	11,334,247	11,467,931
Employee benefit obligation	16	50,375,161	51,810,481	50,375,161	51,810,481
Finance lease obligation	17	20,064,958	-	20,064,958	-
		81,774,366	63,278,412	81,774,366	63,278,412
Total Liabilities		181,714,567	117,581,063	176,091,301	111,754,510
Net Assets		(33,560,380)	6,116,437	(28,371,635)	9,579,893
Accumulated surplus/ (deficit)		(33,560,380)	6,116,437	(28,371,635)	9,579,893

* See Note 42

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2017	2016 Restated*	2017	2016 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	19	807,121	831,035	807,121	831,035
Rental of facilities and equipment	20	1,447,562	1,578,403	1,412,810	1,548,995
Interest on outstanding receivables		236,257	163,209	236,257	157,098
Agency services	21	-	27,206,217	-	27,206,217
Licences and permits		1,079,614	246,084	1,079,614	246,084
Other income	23	9,467,632	32,639,103	9,173,689	31,866,383
Interest received - investment	24	1,463,895	3,308,803	1,463,895	3,308,803
Total revenue from exchange transactions		14,502,081	65,972,854	14,173,386	65,164,615
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	26	239,063,330	245,816,565	237,163,330	245,816,565
Public contributions and donations	27	16,000	-	16,000	-
Total revenue from non-exchange transactions		239,079,330	245,816,565	237,179,330	245,816,565
Total revenue	18	253,581,411	311,789,419	251,352,716	310,981,180
Expenditure					
Employee related costs	28	(167,201,236)	(169,563,372)	(163,496,510)	(164,979,230)
Remuneration of councillors	29	(9,700,275)	(9,968,157)	(9,700,275)	(9,968,157)
Depreciation and amortisation	31	(9,863,064)	(8,564,653)	(9,459,347)	(8,023,283)
(Impairment loss)/ Reversal of impairments	32	9,250	(510,947)	9,250	-
Finance costs		(72,327)	(12,095)	(72,327)	(12,095)
Lease rentals on operating lease	30	(9,161,362)	(6,584,173)	(8,671,581)	(6,086,227)
Debt Impairment	33	2,310,385	(2,034,472)	2,310,385	(1,844,678)
Repairs and maintenance		(2,004,848)	(2,805,953)	(2,004,848)	(2,732,871)
Transfers and subsidies	25	(1,630,833)	-	(4,394,200)	(4,394,200)
General Expenses	34	(103,895,048)	(121,711,854)	(102,315,557)	(118,424,155)
Total expenditure		(301,209,358)	(321,755,676)	(297,795,010)	(316,464,896)
Operating deficit		(47,627,947)	(9,966,257)	(46,442,294)	(5,483,716)
Loss on disposal of assets and liabilities		-	(384,128)	-	(384,128)
Fair value adjustments	35	140,008	874,261	140,008	874,261
Actuarial gains/losses	16	8,745,900	14,354,269	8,745,900	14,354,269
Workmen's compensation movement		(308,140)	282,217	(308,140)	282,217
		8,577,768	15,126,619	8,577,768	15,126,619
(Deficit) surplus for the year		(39,050,179)	5,160,362	(37,864,526)	9,642,903

* See Note 42

West Rand District Municipality

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Statement of Changes in Net Assets

Figures in Rand	Share capital / Share premium contributed capital		Total share capital	Accumulated surplus/ (deficit)	Total net assets
Economic entity					
Balance at 01 July 2015	100	14,578,428	14,578,528	956,075	15,534,603
Changes in net assets					
Surplus for the year	-	-	-	5,160,362	5,160,362
Entity combinations	(100)	(14,578,428)	(14,578,528)	-	(14,578,528)
Total changes	(100)	(14,578,428)	(14,578,528)	5,160,362	(9,418,166)
Opening balance as previously reported	-	-	-	(2,433,019)	(2,433,019)
Adjustments					
Prior year adjustments (Note 42)	-	-	-	7,922,818	7,922,818
Restated* Balance at 01 July 2016 as restated*	-	-	-	5,489,799	5,489,799
Changes in net assets					
Deficit for the year	-	-	-	(39,050,179)	(39,050,179)
Total changes	-	-	-	(39,050,179)	(39,050,179)
Balance at 30 June 2017	-	-	-	(33,560,380)	(33,560,380)

Note(s)

Controlling entity

Balance at 01 July 2015	-	-	-	(63,010)	(63,010)
Changes in net assets					
Surplus for the year	-	-	-	9,642,903	9,642,903
Total changes	-	-	-	9,642,903	9,642,903
Opening balance as previously reported	-	-	-	1,573,863	1,573,863
Adjustments					
Prior year adjustments (Note 42)	-	-	-	7,919,028	7,919,028
Restated* Balance at 01 July 2016 as restated*	-	-	-	9,492,891	9,492,891
Changes in net assets					
Deficit for the year	-	-	-	(37,864,526)	(37,864,526)
Total changes	-	-	-	(37,864,526)	(37,864,526)
Balance at 30 June 2017	-	-	-	(28,371,635)	(28,371,635)

Note(s)

* See Note 42

West Rand District Municipality

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Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2017	2016 Restated*	2017	2016 Restated*
Cash flows from operating activities					
Receipts					
Grants		231,430,629	253,806,266	229,530,629	253,806,266
Interest income		1,463,895	2,956,264	1,463,895	2,956,264
Other receipts		20,190,395	34,697,542	19,594,538	34,194,645
		253,084,919	291,460,072	250,589,062	290,957,175
Payments					
Employee costs		(168,648,430)	(181,021,487)	(164,743,799)	(176,670,511)
Suppliers		(116,181,322)	(131,311,704)	(117,696,068)	(132,802,376)
Finance costs		(72,327)	-	(72,327)	-
		(284,902,079)	(312,333,191)	(282,512,194)	(309,472,887)
Net cash flows from operating activities	36	(31,817,160)	(20,873,119)	(31,923,132)	(18,515,712)
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(22,806)	(841,257)	(22,806)	(358,623)
Proceeds from sale of property, plant and equipment	10	234,031	-	234,031	-
Other cash item		-	6,111	-	-
Net cash flows from investing activities		211,225	(835,146)	211,225	(358,623)
Cash flows from financing activities					
Finance lease payments		(1,897,188)	-	(1,897,188)	-
Net increase/(decrease) in cash and cash equivalents		(33,503,123)	(21,708,265)	(33,609,095)	(18,874,335)
Cash and cash equivalents at the beginning of the year		13,903,724	35,611,989	13,901,193	32,775,528
Cash and cash equivalents at the end of the year	3	(19,599,399)	13,903,724	(19,707,902)	13,901,193

* See Note 42

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	30,656,000	(5,903,000)	24,753,000	807,121	(23,945,879)	A
Rental of facilities and equipment	1,200,000	(142,000)	1,058,000	1,447,562	389,562	B
Interest received (trading)	-	-	-	236,257	236,257	C
Licences and permits	500,000	-	500,000	1,079,614	579,614	D
Other income	57,682,000	(8,640,000)	49,042,000	9,467,632	(39,574,368)	E
Interest received - investment	3,139,000	(582,000)	2,557,000	1,463,895	(1,093,105)	F
Total revenue from exchange transactions	93,177,000	(15,267,000)	77,910,000	14,502,081	(63,407,919)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	216,375,000	15,724,000	232,099,000	239,063,330	6,964,330	G
Public contributions and donations	-	-	-	16,000	16,000	H
Total revenue from non-exchange transactions	216,375,000	15,724,000	232,099,000	239,079,330	6,980,330	
Total revenue	309,552,000	457,000	310,009,000	253,581,411	(56,427,589)	
Expenditure						
Personnel	(175,910,605)	3,228,000	(172,682,605)	(167,201,236)	5,481,369	I
Remuneration of councillors	(13,692,000)	(624,000)	(14,316,000)	(9,700,275)	4,615,725	I
Depreciation and amortisation	(14,741,000)	6,611,000	(8,130,000)	(9,863,064)	(1,733,064)	J
Impairment loss/ Reversal of impairments	-	-	-	9,250	9,250	J
Finance costs	(1,200,000)	-	(1,200,000)	(72,327)	1,127,673	K
Lease rentals on operating lease	(9,000,000)	-	(9,000,000)	(9,161,362)	(161,362)	L
Debt Impairment	(909,000)	-	(909,000)	2,310,385	3,219,385	C
Repairs and maintenance	(2,453,000)	-	(2,453,000)	(2,004,848)	448,152	M
Transfers and Subsidies	-	-	-	(1,630,833)	(1,630,833)	
General Expenses	(81,642,595)	(16,554,000)	(98,196,595)	(103,895,048)	(5,698,453)	O
Total expenditure	(299,548,200)	(7,339,000)	(306,887,200)	(301,209,358)	5,677,842	
Operating deficit	10,003,800	(6,882,000)	3,121,800	(47,627,947)	(50,749,747)	
Fair value adjustments	-	-	-	140,008	140,008	N
Actuarial gains/losses	-	-	-	8,745,900	8,745,900	N
Movement in WCA	-	-	-	(308,140)	(308,140)	P
	-	-	-	8,577,768	8,577,768	
Deficit before taxation	10,003,800	(6,882,000)	3,121,800	(39,050,179)	(42,171,979)	

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	10,003,800	(6,882,000)	3,121,800	(39,050,179)	(42,171,979)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	259,000	449,000	708,000	388,870	(319,130)	S
Receivables from exchange transactions	350,000	27,150,000	27,500,000	36,649,260	9,149,260	Q
VAT receivable	-	-	-	10,387,887	10,387,887	R
Call investment & fixed deposits	37,650,000	(37,650,000)	-	-	-	
Cash and cash equivalents	3,418,000	(1,898,000)	1,520,000	2,400,740	880,740	
	41,677,000	(11,949,000)	29,728,000	49,826,757	20,098,757	

Non-Current Assets

Biological assets that form part of an agricultural activity	328,000	644,000	972,000	1,112,131	140,131	N
Investment property	5,418,000	(738,000)	4,680,000	4,680,000	-	N
Property, plant and equipment	50,665,000	9,359,000	60,024,000	91,462,552	31,438,552	J
Intangible assets	908,000	(811,000)	97,000	17,932	(79,068)	J
Investments in controlled entities	14,579,000	-	14,579,000	-	(14,579,000)	
Long-term receivables	2,100,000	124,000	2,224,000	1,054,815	(1,169,185)	T
	73,998,000	8,578,000	82,576,000	98,327,430	15,751,430	
Total Assets	115,675,000	(3,371,000)	112,304,000	148,154,187	35,850,187	

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	13,322,638	13,322,638	AA
Payables from exchange transactions	255,000	12,848,000	13,103,000	56,529,734	43,426,734	U
VAT payable	-	-	-	3,568,230	3,568,230	
Employee benefit obligation	-	-	-	1,565,525	1,565,525	V
Provisions	7,596,000	(3,052,000)	4,544,000	2,953,935	(1,590,065)	W
Overnight Bank facility	-	-	-	22,000,139	22,000,139	U
	7,851,000	9,796,000	17,647,000	99,940,201	82,293,201	

Non-Current Liabilities

Finance lease obligation	-	-	-	20,064,958	20,064,958	AA
Employee benefit obligation	58,037,000	(6,227,000)	51,810,000	50,375,161	(1,434,839)	V
Provisions	12,562,000	(1,094,000)	11,468,000	11,334,247	(133,753)	W
	70,599,000	(7,321,000)	63,278,000	81,774,366	18,496,366	

Total Liabilities	78,450,000	2,475,000	80,925,000	181,714,567	100,789,567	
Net Assets	37,225,000	(5,846,000)	31,379,000	(33,560,380)	(64,939,380)	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Other NDR	14,579,000	-	14,579,000	-	(14,579,000)	
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West Rand District Municipality

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Accumulated surplus/ (deficit)	22,646,000	(5,846,000)	16,800,000	(33,560,380)	(50,360,380)	
Total Net Assets	37,225,000	(5,846,000)	31,379,000	(33,560,380)	(64,939,380)	

West Rand District Municipality

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	30,656,000	(5,903,000)	24,753,000	-	(24,753,000)	
Grants	216,375,000	15,724,000	232,099,000	229,530,629	(2,568,371)	G
Interest income	3,139,000	(582,000)	2,557,000	1,463,895	(1,093,105)	F
Other receipts	59,382,000	(8,782,000)	50,600,000	19,594,538	(31,005,462)	E
	309,552,000	457,000	310,009,000	250,589,062	(59,419,938)	

Payments

Employee costs	(187,210,000)	2,604,000	(184,606,000)	(164,743,799)	19,862,201	I
Suppliers	(101,094,000)	(31,099,000)	(132,193,000)	(113,301,868)	18,891,132	O
Finance costs	(1,200,000)	-	(1,200,000)	(72,327)	1,127,673	
Other payments	(4,392,000)	-	(4,392,000)	(4,394,200)	(2,200)	
	(293,896,000)	(28,495,000)	(322,391,000)	(282,512,194)	39,878,806	

Net cash flows from operating activities	15,656,000	(28,038,000)	(12,382,000)	(31,923,132)	(19,541,132)	
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Purchase of property, plant and equipment	-	-	-	(22,806)	(22,806)	
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Proceeds from sale of property, plant and equipment	-	-	-	234,031	234,031	
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Net cash flows from investing activities	-	-	-	211,225	211,225	
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Cash flows from financing activities

Finance lease payments	-	-	-	(1,897,188)	(1,897,188)	AA
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Net increase/(decrease) in cash and cash equivalents	15,656,000	(28,038,000)	(12,382,000)	(33,609,095)	(21,227,095)	
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Cash and cash equivalents at the beginning of the year	25,412,831	(11,511,000)	13,901,831	13,901,193	(638)	
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Cash and cash equivalents at the end of the year	41,068,831	(39,549,000)	1,519,831	(19,707,902)	(21,227,733)	
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Reconciliation

West Rand District Municipality

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	30,656,000	(5,903,000)	24,753,000	807,121	(23,945,879)	A
Rental of facilities and equipment	1,200,000	(142,000)	1,058,000	1,412,810	354,810	B
Interest received (trading)	-	-	-	236,257	236,257	
Licences and permits	500,000	-	500,000	9,173,689	8,673,689	D
Other income	57,682,000	(8,640,000)	49,042,000	9,173,689	(39,868,311)	E
Interest received - investment	3,139,000	(582,000)	2,557,000	1,463,895	(1,093,105)	F
Total revenue from exchange transactions	93,177,000	(15,267,000)	77,910,000	22,267,461	(55,642,539)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	216,375,000	15,724,000	232,099,000	237,163,330	5,064,330	G
Public contributions and donations	-	-	-	16,000	16,000	H
Total revenue from non-exchange transactions	216,375,000	15,724,000	232,099,000	237,179,330	5,080,330	
Total revenue	309,552,000	457,000	310,009,000	259,446,791	(50,562,209)	
Expenditure						
Personnel	(173,518,000)	3,228,000	(170,290,000)	(163,496,510)	6,793,490	I
Remuneration of councillors	(13,692,000)	(624,000)	(14,316,000)	(9,700,275)	4,615,725	I
Depreciation and amortisation	(14,741,000)	6,611,000	(8,130,000)	(9,459,347)	(1,329,347)	J
Impairment loss/ Reversal of impairments	-	-	-	9,250	9,250	J
Finance costs	(1,200,000)	-	(1,200,000)	(72,327)	1,127,673	K
Lease rentals on operating lease	(9,000,000)	-	(9,000,000)	(8,671,581)	328,419	L
Debt Impairment	(909,000)	-	(909,000)	2,310,385	3,219,385	C
Repairs and maintenance	(2,453,000)	-	(2,453,000)	(2,004,848)	448,152	M
Transfers and Subsidies	(4,392,000)	-	(4,392,000)	(4,394,200)	(2,200)	
General Expenses	(79,641,000)	(16,554,000)	(96,195,000)	(102,315,557)	(6,120,557)	O
Total expenditure	(299,546,000)	(7,339,000)	(306,885,000)	(297,795,010)	9,089,990	
Operating deficit	10,006,000	(6,882,000)	3,124,000	(38,348,219)	(41,472,219)	
Fair value adjustments	-	-	-	140,008	140,008	
Actuarial gains/losses	-	-	-	8,745,900	8,745,900	
Deficit on distribution of non-cash assets to owners	-	-	-	(308,140)	(308,140)	
	-	-	-	8,577,768	8,577,768	
Deficit before taxation	10,006,000	(6,882,000)	3,124,000	(29,770,451)	(32,894,451)	

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	10,006,000	(6,882,000)	3,124,000	(29,770,451)	(32,894,451)	

Reconciliation

West Rand District Municipality

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	259,000	449,000	708,000	388,870	(319,130)	S
Receivables from exchange transactions	350,000	27,150,000	27,500,000	36,649,260	9,149,260	Q
VAT receivable	-	-	-	10,387,887	10,387,887	R
Call investment & fixed deposits	37,650,000	(37,650,000)	-	-	-	
Cash and cash equivalents	3,418,000	(1,898,000)	1,520,000	2,292,237	772,237	
	41,677,000	(11,949,000)	29,728,000	49,718,254	19,990,254	

Non-Current Assets

Biological assets that form part of an agricultural activity	328,000	644,000	972,000	1,112,131	140,131	N
Investment property	5,418,000	(738,000)	4,680,000	4,680,000	-	N
Property, plant and equipment	50,665,000	9,359,000	60,024,000	76,575,936	16,551,936	J
Intangible assets	908,000	(811,000)	97,000	2	(96,998)	J
Investments in controlled entities	14,579,000	-	14,579,000	14,578,528	(472)	
Long-term receivables	2,100,000	124,000	2,224,000	1,054,815	(1,169,185)	T
	73,998,000	8,578,000	82,576,000	98,001,412	15,425,412	
Total Assets	115,675,000	(3,371,000)	112,304,000	147,719,666	35,415,666	

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	13,322,638	13,322,638	AA
Payables from exchange transactions	255,000	12,848,000	13,103,000	54,474,698	41,371,698	U
Employee benefit obligation	-	-	-	1,565,525	1,565,525	V
Provisions	7,596,000	(3,052,000)	4,544,000	2,953,935	(1,590,065)	W
Overnight Bank facility	-	-	-	22,000,139	22,000,139	U
	7,851,000	9,796,000	17,647,000	94,316,935	76,669,935	

Non-Current Liabilities

Finance lease obligation	-	-	-	20,064,958	20,064,958	AA
Employee benefit obligation	58,037,000	(6,227,000)	51,810,000	50,375,161	(1,434,839)	V
Provisions	12,562,000	(1,094,000)	11,468,000	11,334,247	(133,753)	W
	70,599,000	(7,321,000)	63,278,000	81,774,366	18,496,366	

Total Liabilities	78,450,000	2,475,000	80,925,000	176,091,301	95,166,301	
Net Assets	37,225,000	(5,846,000)	31,379,000	(28,371,635)	(59,750,635)	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus/ (deficit)	37,225,000	(5,846,000)	31,379,000	(28,371,635)	(59,750,635)	
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West Rand District Municipality

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	30,656,000	(5,903,000)	24,753,000	-	(24,753,000)	A
Grants	216,375,000	15,724,000	232,099,000	229,530,629	(2,568,371)	G
Interest income	3,139,000	(582,000)	2,557,000	1,463,895	(1,093,105)	F
Other receipts	59,382,000	(8,782,000)	50,600,000	19,594,538	(31,005,462)	E
	309,552,000	457,000	310,009,000	250,589,062	(59,419,938)	
Payments						
Employee costs	(187,210,000)	2,604,000	(184,606,000)	(164,743,799)	19,862,201	I
Suppliers	(101,094,000)	(31,099,000)	(132,193,000)	(113,301,868)	18,891,132	O
Finance costs	(1,200,000)	-	(1,200,000)	(72,327)	1,127,673	
	(289,504,000)	(28,495,000)	(317,999,000)	(278,117,994)	39,881,006	
Net cash flows from operating activities	20,048,000	(28,038,000)	(7,990,000)	(27,528,932)	(19,538,932)	
Cash flows from investing activities						
Purchase of property, plant and equipment	-	-	-	(22,806)	(22,806)	
Proceeds from sale of property, plant and equipment	-	-	-	234,031	234,031	
Net cash flows from investing activities	-	-	-	211,225	211,225	
Cash flows from financing activities						
Finance lease payments	-	-	-	(1,897,188)	(1,897,188)	AA
Net increase/(decrease) in cash and cash equivalents	20,048,000	(28,038,000)	(7,990,000)	(29,214,895)	(21,224,895)	
Cash and cash equivalents at the beginning of the year	25,412,000	(11,511,000)	13,901,000	13,903,724	2,724	
Cash and cash equivalents at the end of the year	45,460,000	(39,549,000)	5,911,000	(15,311,171)	(21,222,171)	

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Legends:

A- Application to charge fire levy to the local Municipality was declined by fiscal commission after the adjustment budget has been tabled to Council. The Municipality only charged fire prevention fees and building plans. Salary costs were under-budgeted based on challenges the Municipality entity faced financially and the entity could only anticipate a subsidy expected from WRDM (Parent Municipality) as the only realistic revenue that could fund its operations. It should be noted that the budget was compiled on cash basis and the reporting is on accrual basis. The over-expenditure resulted from the following :

Salaries of WRDM staff assisting WRDA with day-to-day financial management activities.

Year-end leave pay accrual.

Board remuneration accrual (both old and new board).

Leave pay-outs that took place during the year.

Performance bonus paid.

Under-budgeting of salary costs as salaries and third party payments were not paid timeously for some months during the financial year due to cash flow challenges.

B- Increase in rental of facilities and equipment is due to escalation clause per the rental agreements the Municipality has with its rental customers.

Depreciation for the year was not budgeted for as the Municipal entity was avoiding to budget for a deficit.

C- The item was not budgeted for.

Donaldson dam gate takings were not budgeted for based on challenges the municipal entity faced financially. It was anticipated that no revenue would be collected.

D- The Municipality charged air quality services to its customers using the tariff book for 2016/2017 which reflected tariff increase.

IDC grant not budgeted for during 2016/2017 was received from Industrial Development Corporation.

E- The Municipality expected funds for Disaster management function, to compensate the actual cost incurred by the District for identifying sink holes in Merafong and these funds were not received as at 30 June 2017.

The transfer of Mohlakeng buy-back centre to Siphumelele Youth Organisation through Rand West City local Municipality.

F- Decrease in call account and fixed deposit investment utilised during the year.

The reason for over expenditure is due to financial constraints experienced by the Municipal entity during the year under review. A decision of cost containment measures was taken into consideration.

G- Not all grants were received as at 30 June 2017.

NDPG-R6,4 million was still outstanding at year-end

MSIG -R1 million was still outstanding at year -end

H- A laptop was donated to the Municipality by Re-solve.

I- Positions which were anticipated to be filed in 2016/2017 financial period were delayed due to a decline in cash flow.

Council remuneration were under-spent since the new council started in September 2016 and the grading of the Municipality was also assessed.

J- An increase in depreciation and amortization is due to the useful life assessment that was performed during the year. This also affected impairment loss since most assets were re-assessed for impairment and the Municipality can still derive economic benefits from these assets.

K- The financial cost relates to the leased laptops bought for Councillors through finance lease.

L- This relates to the new contract for the lease of vehicles with Afirent and lease of photocopy machines Zevoli (Pty) Ltd.

M- The demand to repair fire engines is subsiding due to new fire engines and rescue vehicles bought through finance lease.

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

N- Fair value on Biological assets and Investment property were not budgeted for since it's a year-end estimates and requires the relevant qualified experts. Actuarial valuation was performed for medical aid liability and long service award provision. Actuarial gains relates to savings due to Ambulance staff which is no longer with the Municipality.

O- General expenses were over-spent due to the previous roll-over in conditional grants spent in the current year.

P- Department of Labour Assessment Provision was not budgeted for since it's year-end estimate.

Q- Contributions from local municipalities and fire debtors were raised during the year.

R- VAT receivable was not budgeted for. The Municipality claims VAT on payment basis and report on accrual basis. This depends on payments and receipts.

S- Due to cost containment measures in terms of circular 82 some of stock items were not procured during the year.

T- The study loan balance was adjusted due to previous year query raised by Auditor General. The whole population was corrected.

U- This is due to increase in creditors and overnight facility that was accessed during May and June 2017 to assist with third parties payments to avoid penalties. The overnight facility was interest free.

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

W- This is due to the decrease in workmans compensation provision and long service award provision.

AA- During the year the Municipality entered into finance lease agreement to lease five fire engines and five rescue vehicles due to service delivery demands.

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

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 - 2017											
Financial Performance											
Service charges	30,656,000	(5,093,000)	25,563,000	-	-	25,563,000	807,121	-	(24,755,879)	3 %	3 %
Investment revenue	3,139,000	(582,000)	2,557,000	-	-	2,557,000	1,463,895	-	(1,093,105)	57 %	47 %
Transfers recognised - operational	203,891,000	429,000	204,320,000	-	-	204,320,000	218,204,535	-	13,884,535	107 %	107 %
Other own revenue	59,382,000	(8,782,000)	50,600,000	-	-	50,600,000	21,116,973	-	(29,483,027)	42 %	36 %
Total revenue (excluding capital transfers and contributions)	297,068,000	(14,028,000)	283,040,000	-	-	283,040,000	241,592,524	-	(41,447,476)	85 %	81 %
Employee costs	(175,910,605)	3,228,000	(172,682,605)	-	-	(172,682,605)	(167,201,236)	-	5,481,369	97 %	95 %
Remuneration of councillors	(13,692,000)	(624,000)	(14,316,000)	-	-	(14,316,000)	(9,700,275)	-	4,615,725	68 %	71 %
Debt impairment	(909,000)	-	(909,000)	-	-	(909,000)	2,310,385	-	3,219,385	(254)%	(254)%
Depreciation and asset impairment	(14,741,000)	6,611,000	(8,130,000)	-	-	(8,130,000)	(9,853,814)	-	(1,723,814)	121 %	67 %
Finance charges	(1,200,000)	-	(1,200,000)	-	-	(1,200,000)	(72,327)	-	1,127,673	6 %	6 %
Materials and bulk purchases	(766,000)	310,000	(456,000)	-	-	(456,000)	-	-	456,000	- %	- %
Transfers and grants	-	-	-	-	-	-	(1,630,833)	-	(1,630,833)	DIV/0 %	DIV/0 %
Other expenditure	(92,329,595)	(16,864,000)	(109,193,595)	-	-	(109,193,595)	(115,061,258)	-	(5,867,663)	105 %	125 %
Total expenditure	(299,548,200)	(7,339,000)	(306,887,200)	-	-	(306,887,200)	(301,209,358)	-	5,677,842	98 %	101 %
Surplus/(Deficit)	(2,480,200)	(21,367,000)	(23,847,200)	-	-	(23,847,200)	(59,616,834)	-	(35,769,634)	250 %	250 %

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

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	15,295,000	15,295,000	30,590,000	-		30,590,000	20,858,795		(9,731,205)	68 %	136 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	16,000		16,000	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	12,814,800	(6,072,000)	6,742,800	-		6,742,800	(38,742,039)		(45,484,839)	(575)%	(302)%
Workmans compensation provision	-	-	-	-		-	308,140		308,140	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	12,814,800	(6,072,000)	6,742,800	-		6,742,800	(39,050,179)		(45,792,979)	(579)%	(305)%

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

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
Cash flows											
Net cash from (used) operating	25,656,000	(12,493,000)	13,163,000	-		13,163,000	(31,817,160)		(44,980,160)	(242)%	(124)%
Net cash from (used) investing	(1,000,000)	(15,545,000)	(16,545,000)	-		(16,545,000)	211,225		16,756,225	(1)%	(21)%
Net cash from (used) financing	-	-	-	-		-	(1,897,188)		(1,897,188)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	24,656,000	(28,038,000)	(3,382,000)	-		(3,382,000)	(33,503,123)		(30,121,123)	991 %	(136)%
Cash and cash equivalents at the beginning of the year	25,412,831	(11,511,000)	13,901,831	1		13,901,832	13,903,724		1,892	100 %	55 %
Cash and cash equivalents at year end	50,068,831	(39,549,000)	10,519,831	1		10,519,832	(19,599,399)		(30,119,231)	(186)%	(39)%

West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

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 - 2016				
Financial Performance				
Service charges				831,035
Investment revenue				3,308,803
Transfers recognised - operational				211,054,795
Other own revenue				77,061,546
Total revenue (excluding capital transfers and contributions)				292,256,179
Employee costs	-	-	-	(169,563,372)
Remuneration of councillors	-	-	-	(9,968,157)
Debt impairment	-	-	-	(2,034,472)
Depreciation and asset impairment	-	-	-	(9,075,600)
Finance charges	-	-	-	(12,095)
Other expenditure	-	-	-	(131,486,108)
Total expenditure	-	-	-	(322,139,804)
Surplus/(Deficit)				(29,883,625)
Transfers recognised - capital				34,761,770
Surplus (Deficit) after capital transfers and contributions				4,878,145
Surplus/(Deficit) for the year				4,878,145

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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				(20,873,119)
Net cash from (used) investing				(835,146)
Net cash from (used) financing				-
Net increase/(decrease) in cash and cash equivalents				(21,708,265)
Cash and cash equivalents at the beginning of the year				-
Cash and cash equivalents at year end				(21,708,265)

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	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 - 2017											
Financial Performance											
Service charges	30,656,000	(5,903,000)	24,753,000	-	-	24,753,000	807,121	-	(23,945,879)	3 %	3 %
Investment revenue	3,139,000	(582,000)	2,557,000	-	-	2,557,000	1,463,895	-	(1,093,105)	57 %	47 %
Transfers recognised - operational	203,891,000	429,000	204,320,000	204,320,000	-	408,640,000	216,304,535	-	(192,335,465)	53 %	106 %
Other own revenue	59,382,000	(8,782,000)	50,600,000	-	-	50,600,000	20,788,278	-	(29,811,722)	41 %	35 %
Total revenue (excluding capital transfers and contributions)	297,068,000	(14,838,000)	282,230,000	204,320,000	-	486,550,000	239,363,829	-	(247,186,171)	49 %	81 %
Employee costs	(173,518,000)	3,228,000	(170,290,000)	-	-	(170,290,000)	(163,496,510)	-	6,793,490	96 %	94 %
Remuneration of councillors	(13,692,000)	(624,000)	(14,316,000)	-	-	(14,316,000)	(9,700,275)	-	4,615,725	68 %	71 %
Debt impairment	(909,000)	-	(909,000)	-	-	(909,000)	2,310,385	-	3,219,385	(254)%	(254)%
Depreciation and asset impairment	(14,741,000)	6,611,000	(8,130,000)	-	-	(8,130,000)	(9,450,097)	-	(1,320,097)	116 %	64 %
Finance charges	-	-	-	-	-	-	(72,327)	-	(72,327)	DIV/0 %	DIV/0 %
Transfers and grants	-	-	-	-	-	-	(4,394,200)	-	(4,394,200)	DIV/0 %	DIV/0 %
Other expenditure	(90,328,000)	(16,864,000)	(107,192,000)	-	-	(107,192,000)	(112,991,986)	-	(5,799,986)	105 %	125 %
Total expenditure	(293,188,000)	(7,649,000)	(300,837,000)	-	-	(300,837,000)	(297,795,010)	-	3,041,990	99 %	102 %
Surplus/(Deficit)	3,880,000	(22,487,000)	(18,607,000)	204,320,000	-	185,713,000	(58,431,181)	-	(244,144,181)	(31)%	(1,506)%

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	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	1,284,000	15,295,000	16,579,000	-		16,579,000	20,858,795		4,279,795	126 %	1,625 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	16,000		16,000	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	5,164,000	(7,192,000)	(2,028,000)	204,320,000		202,292,000	(37,556,386)		(239,848,386)	(19)%	(727)%
Workmen's compensation provision	-	-	-	-		-	308,140		308,140	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	5,164,000	(7,192,000)	(2,028,000)	204,320,000		202,292,000	(37,864,526)		(240,156,526)	(19)%	(733)%

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	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
Cash flows											
Net cash from (used) operating	-	-	-	-	-	-	(31,923,132)	-	(31,923,132)	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	-	-	-	211,225	-	211,225	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-	-	-	-	-	(1,897,188)	-	(1,897,188)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	-	-	(33,609,095)	-	(33,609,095)	DIV/0 %	DIV/0 %
Cash and cash equivalents at the beginning of the year	-	-	-	-	-	-	13,901,193	-	13,901,193	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	-	-	-	-	-	-	(19,707,902)	-	19,707,902	DIV/0 %	DIV/0 %

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	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Controlling entity - 2016				
Financial Performance				
Service charges				831,035
Investment revenue				3,308,803
Transfers recognised - operational				211,054,795
Other own revenue				76,253,307
Total revenue (excluding capital transfers and contributions)				291,447,940
Employee costs	-	-	-	(164,979,230)
Remuneration of councillors	-	-	-	(9,968,157)
Debt impairment	-	-	-	(1,844,678)
Depreciation and asset impairment	-	-	-	(8,023,283)
Finance charges	-	-	-	(12,095)
Transfers and grants	-	-	-	(4,394,200)
Other expenditure	-	-	-	(127,627,381)
Total expenditure	-	-	-	(316,849,024)
Surplus/(Deficit)				(25,401,084)
Transfers recognised - capital				34,761,770
Surplus (Deficit) after capital transfers and contributions				9,360,686
Surplus/(Deficit) for the year				9,360,686
Capital expenditure and funds sources				
Total capital expenditure				4,634,620

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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				(18,515,712)
Net cash from (used) investing				(358,623)
Net cash from (used) financing				-
Net increase/(decrease) in cash and cash equivalents				(18,874,335)
Cash and cash equivalents at the beginning of the year				32,775,528
Cash and cash equivalents at year end				13,901,193

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Consolidated Annual Financial Statements for the year ended 30 June 2017

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, except for the changes set out in note First-time adoption of Standards of GRAP.

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 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.

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Accounting Policies

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

Identifying the acquirer and transferor

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

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which 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.

Assets acquired [transferred] and liabilities assumed [relinquished]

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

The assets transferred and the liabilities relinquished 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 acquirer 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 received and the assets transferred and liabilities relinquished 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

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.

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Accounting Policies

1.3 Mergers

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 municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable,

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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.

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.

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

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Accounting Policies

1.6 Investment property (continued)

- 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.

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.

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

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

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.

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Accounting Policies

1.7 Property, plant and equipment (continued)

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.

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

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

Property, plant and equipment 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 - 30 years
Plant and machinery	Straight line	5 - 20 years
Furniture and fixtures	Straight line	3 - 17 years
Motor vehicles	Straight line	
Specialised vehicles	Straight line	5 - 20 years
Other vehicles	Straight line	3 - 20 years
Office equipment	Straight line	3 - 17 years
Roads and stormwater	Straight line	20 - 30 years
Community	Straight line	20 - 30 years
Water craft	Straight line	5 - 15 years
Emergency equipment	Straight line	5 - 15 years
Water	Straight line	20 - 30 years
Security measures	Straight line	5 - 14 years
Other leased Assets	Straight line	2 - 3 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

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Accounting Policies

1.7 Property, plant and equipment (continued)

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

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.

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.

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years

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Accounting Policies

1.9 Investments in controlled entities

Economic entity consolidated annual financial statements

Investments in controlled entities are consolidated in the economic entity consolidated annual financial statements. Refer to the accounting policy on Consolidations (Note).

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 municipality applies the same accounting for each category of investment.

The municipality recognises a dividend or similar distribution in surplus or deficit in its separate consolidated annual financial statements when its right to receive the dividend or similar distribution is established.

Investments in controlled entities that are accounted for in accordance with the accounting policy on Financial instruments in the consolidated consolidated annual financial statements, are accounted for in the same way in the controlling entity's separate consolidated annual financial statements.

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.

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

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

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

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

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

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

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 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.

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Accounting Policies

1.10 Financial instruments (continued)

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.

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

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

Classification

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

Class	Category
Long term debtors	Loans and receivables
Receivables from exchange transactions	Loans and receivables
Short term investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent Conditional Grants	Financial liability measured at amortised cost
Overnight Bank Facility	Financial liability measured at fair value

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

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1.10 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

Finance leases - lessor

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The municipality does not recognise any finance charges on leases where there is no interest rate implicit in the lease. The interest rate implicit in the lease is the discount rate, that at the inception of the lease causes the aggregate present value of:

- (a) the minimum lease payments; and
- (b) the unguaranteed residual value

to be equal to the sum of (i) the fair value of the leased asset; and (ii) any initial direct costs of the lessor.

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that of the depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standard of GRAP on Property, Plant and Equipment and the International Accounting Standards on Intangible Assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets shall be fully depreciated over the shorter of the lease term and its useful life.

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

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1.11 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.12 Inventories

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

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

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.

1.13 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

- (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 non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

Identification

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

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

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.14 Employee benefits

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

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.

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.

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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.

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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).

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.

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.

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1.15 Provisions and contingencies (continued)

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.

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 40.

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

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1.15 Provisions and contingencies (continued)

- 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.

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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1.17 Revenue from exchange transactions (continued)

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the 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 the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

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

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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.

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1.18 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

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

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.

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1.18 Revenue from non-exchange transactions (continued)

Fines

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

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind are not recognised.

1.19 Comparative figures

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

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.

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

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

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

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.

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.22 Irregular expenditure (continued)

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.

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

The approved budget covers the fiscal period from 2016/07/01 to 2017/06/30.

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).

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.25 Events after reporting date (continued)

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.

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2017	2016	2017	2016

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 108: Statutory Receivables	01 April 2016	The impact of the is not material.
<ul style="list-style-type: none">GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	
<ul style="list-style-type: none">IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	

2.2 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:
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2.3 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 34: Separate Financial Statements	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 35: Consolidated Financial Statements	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 36: Investments in Associates and Joint Ventures	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 37: Joint Arrangements	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 38: Disclosure of Interests in Other Entities	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 110: Living and Non-living Resources	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 12 (as amended 2016): Inventories	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 27 (as amended 2016): Agriculture	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none">Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 20: Related parties	01 April 2017	Unlikely there will be a material impact

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2017	Unlikely there will be a material impact
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2018	Unlikely there will be a material impact
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
• GRAP 16 (as amended 2016): Investment Property	01 April 2018	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2018	Unlikely there will be a material impact

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
3. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	785	7,913	750	7,878
Bank balances	2,398,272	3,167,974	2,291,487	3,167,161
Short-term deposits	1,683	10,366,348	-	10,364,665
Other cash and cash equivalents	-	361,489	-	361,489
Bank overdraft	(22,000,139)	-	(22,000,139)	-
	(19,599,399)	13,903,724	(19,707,902)	13,901,193
Current assets	2,400,740	13,903,724	2,292,237	13,901,193
Current liabilities	(22,000,139)	-	(22,000,139)	-
	(19,599,399)	13,903,724	(19,707,902)	13,901,193

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Standard Bank - Current account (WRDM)	2,141,764	3,340,162	2,070,593	2,141,764	3,340,162	11,229,322
Standard Bank - Current account (WRDA)	106,785	813	2,660,697	106,785	813	2,660,697
VBS Overnight facility account	(22,000,000)	-	-	(22,000,000)	-	-
VBS Fixed deposit	-	10,224,200	21,517,233	-	10,224,200	21,517,233
Standard bank Call account (WRDM)	149,723	140,465	-	149,723	140,465	-
Standard Bank - Call account (WRDA)	1,683	1,683	175,573	1,683	1,683	175,573
Petty Cash - Account (WRDM)	450	7,878	1,806	450	7,878	1,806
Petty Cash - Account (WRDA)	35	-	-	35	-	-
Heritage Account	(139)	188,489	27,167	(139)	188,489	27,167
Cash float	300	-	-	300	-	-
Total	(19,599,399)	13,903,690	26,453,069	(19,599,399)	13,903,690	35,611,798

4. Receivables from exchange transactions

Contributions from local municipalities	32,825,800	27,500,000	32,825,800	27,500,000
Other consumer debtors	4,125,549	2,917,131	4,125,549	2,917,131
Ambulance services	922,855	918,492	922,855	918,492
Fire debtors	357,814	-	357,814	-
Accrued income	-	234,027	-	234,027
Impairment of Receivables	(1,582,758)	(3,893,143)	(1,582,758)	(3,893,143)
	36,649,260	27,676,507	36,649,260	27,676,507

Trade and other receivables impaired

As of 30 June 2017, trade and other receivables of R 38,232,018 (2016: R 31,569,650) were impaired and provided for.

The amount of the provision was R (1,582,758) as of 30 June 2017 (2016: R 3,893,143).

The ageing of these loans is as follows:

Over 6 months	1,582,758	3,893,143	1,582,758	3,893,143
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West Rand District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

4. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	3,893,143	3,193,058	3,893,143	3,193,058
Provision for impairment	-	700,085	-	700,085
Reversal of impairment	(2,310,385)	-	(2,310,385)	-
	1,582,758	3,893,143	1,582,758	3,893,143

5. VAT receivable

VAT	10,387,887	6,718,633	10,387,887	6,718,633
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The amount relates to amounts receivable from SARS as at 30 June 2017.

6. Inventories

Consumable stores	388,870	708,178	388,870	708,178
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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 2017	1,054,815	1,078,933	1,054,815	1,078,933
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8. Biological assets that form part of an agricultural activity

Economic entity	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets - Flowers	1,112,131	-	1,112,131	972,123	-	972,123

Controlling entity	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets - Flowers	1,112,131	-	1,112,131	972,123	-	972,123

Reconciliation of biological assets that form part of an agricultural activity - Economic entity - 2017

	Opening balance	Fair value adjustment	Total
Biological assets - Flowers	972,123	140,008	1,112,131

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

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

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 - Controlling entity - 2017

	Opening balance	Fair value adjustment	Total
Biological assets - Flowers	972,123	140,008	1,112,131

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

Non - Financial information

Quantities of each biological asset

Biological assets - Flowers	1,112,131	972,123	1,112,131	972,123
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The municipality performed a physical verification of all biological assets at 30 June 2017

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	2017			2016		
	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	4,680,000	-	4,680,000

Controlling entity	2017			2016		
	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	4,680,000	-	4,680,000

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

9. Investment property (continued)

Reconciliation of investment property - Economic entity - 2017

	Opening balance	Total
Investment property	4,680,000	4,680,000

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 - Controlling entity - 2017

	Opening balance	Total
Investment property	4,680,000	4,680,000

Reconciliation of investment property - Controlling entity - 2016

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

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.

Details of valuation

The effective date of the revaluations was 30 June 2017. Revaluations were performed by an independent valuer, DB Globler [Appraiser and Professional Associated Valuer], DB Globler is not connected to the economic entity and have 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 term 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	549,552	588,021	549,552	588,021
Direct operating expenses from rental generating property	(119,542)	(119,542)	(119,542)	(119,542)

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

10. Property, plant and equipment

Economic entity	2017			2016		
	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	50,364,729	(33,446,215)	16,918,514	51,995,561	(30,480,666)	21,514,895
Plant and machinery	5,577,537	(4,683,768)	893,769	5,577,537	(4,115,782)	1,461,755
Furniture and fixtures	5,359,240	(4,163,729)	1,195,511	5,359,239	(3,688,877)	1,670,362
Motor vehicles	15,084,649	(10,253,254)	4,831,395	15,084,649	(9,079,592)	6,005,057
Infrastructure	8,684,377	(3,357,302)	5,327,075	8,684,377	(2,880,250)	5,804,127
Security measures	9,097,284	(7,488,731)	1,608,553	9,097,284	(6,836,931)	2,260,353
Emergency equipments	3,468,134	(3,022,504)	445,630	3,468,134	(2,683,911)	784,223
Other property, plant and equipment	100,340	(73,904)	26,436	100,340	(61,593)	38,747
Electricity	477,850	(334,694)	143,156	477,850	(324,628)	153,222
Office equipment	12,734,416	(10,316,433)	2,417,983	12,695,610	(8,798,070)	3,897,540
Finance lease fire engines and rescue vehicles	34,763,519	(837,080)	33,926,439	-	-	-
Roads	3,980,918	(3,189,725)	791,193	3,980,918	(3,139,998)	840,920
Leased Computer equipment	203,405	(47,554)	155,851	-	-	-
Specialised vehicles	4,978,139	(951,946)	4,026,193	4,978,139	(727,930)	4,250,209
Leased infrastructure	88,164	(88,164)	-	88,164	(88,164)	-
Community Facilities	9,757,656	(3,121,683)	6,635,973	9,757,656	(2,731,378)	7,026,278
Total	176,839,238	(85,376,686)	91,462,552	143,464,339	(75,637,770)	67,826,569

Controlling entity	2017			2016		
	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	(22,452,484)	15,076,747	37,529,231	(19,558,343)	17,970,888
Plant and machinery	4,649,792	(4,058,061)	591,731	4,649,792	(3,579,575)	1,070,217
Furniture and fixtures	4,924,171	(3,912,992)	1,011,179	4,924,171	(3,486,203)	1,437,968
Motor vehicles	15,084,649	(10,253,254)	4,831,395	15,084,649	(9,079,592)	6,005,057
Infrastructure	8,684,377	(3,357,302)	5,327,075	8,684,377	(2,880,250)	5,804,127
Security measures	5,109,619	(4,352,360)	757,259	5,109,619	(3,745,331)	1,364,288
Emergency equipment	3,468,134	(3,022,504)	445,630	3,468,134	(2,683,911)	784,223
Other property, plant and equipment	100,340	(73,904)	26,436	100,340	(61,593)	38,747
Electricity	152,259	(53,258)	99,001	152,259	(45,646)	106,613
Office equipment	12,355,211	(10,115,185)	2,240,026	12,316,405	(8,676,747)	3,639,658
Finance lease fire engines and rescue vehicles	34,763,519	(837,080)	33,926,439	-	-	-
Leased Computer equipment	203,405	(47,554)	155,851	-	-	-
Specialised vehicles	4,978,139	(951,946)	4,026,193	4,978,139	(727,930)	4,250,209
Community Facilities	9,757,656	(3,121,683)	6,635,973	9,757,656	(2,731,378)	7,026,278
Total	143,185,503	(66,609,567)	76,575,936	108,179,773	(57,256,499)	50,923,274

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2017

	Opening balance	Additions	Transfers	Donation	Finance lease	Depreciation	Impairment loss	Total
Land	12,118,881	-	-	-	-	-	-	12,118,881
Buildings	21,514,895	-	(1,630,833)	-	-	(2,965,548)	-	16,918,514
Plant and machinery	1,461,755	-	-	-	-	(569,085)	1,099	893,769
Furniture and fixtures	1,670,362	-	-	-	-	(479,830)	4,979	1,195,511
Motor vehicles	6,005,057	-	-	-	-	(1,173,662)	-	4,831,395
Infrastructure	5,804,127	-	-	-	-	(477,052)	-	5,327,075
Security measures	2,260,353	-	-	-	-	(651,800)	-	1,608,553
Emergency equipment	784,223	-	-	-	-	(338,593)	-	445,630
Other property, plant and equipment	38,747	-	-	-	-	(12,311)	-	26,436
Electricity	153,222	-	-	-	-	(10,066)	-	143,156
Office equipment	3,897,540	22,806	-	16,000	-	(1,521,535)	3,172	2,417,983
Finance lease fire engines and rescue vehicles	-	-	-	-	34,763,519	(837,080)	-	33,926,439
Roads	840,920	-	-	-	-	(49,727)	-	791,193
Leased Computer equipment	-	-	-	-	203,405	(47,554)	-	155,851
Specialised vehicles	4,250,209	-	-	-	-	(224,016)	-	4,026,193
Community Facilities	7,026,278	-	-	-	-	(390,305)	-	6,635,973
	67,826,569	22,806	(1,630,833)	16,000	34,966,924	(9,748,164)	9,250	91,462,552

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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	22,945,587	-	-	1,667,897	(3,009,137)	(384,743)	295,291	21,514,895
Plant and machinery	2,271,940	-	(9)	24	(492,452)	(339,158)	21,410	1,461,755
Furniture and fixtures	1,775,022	218,357	(7,388)	24	(315,332)	(321)	-	1,670,362
Motor vehicles	7,396,668	-	(248,856)	-	(1,137,171)	(5,584)	-	6,005,057
Infrastructure	6,284,466	-	-	-	(480,339)	-	-	5,804,127
Security measures	2,520,335	-	-	-	(259,982)	-	-	2,260,353
Emergency equipment	913,342	-	(4,402)	-	(124,717)	-	-	784,223
Other property, plant and equipment	50,171	-	-	-	(11,424)	-	-	38,747
Electricity	160,830	-	-	-	(7,608)	-	-	153,222
Capital work in progress	1,672,580	(4,683)	-	(1,667,897)	-	-	-	-
Office equipment	4,910,481	312,040	(24,406)	-	(1,234,688)	(65,887)	-	3,897,540
Roads	792,022	-	-	-	(43,967)	-	92,865	840,920
Specialised vehicles	4,474,103	-	-	-	(223,894)	-	-	4,250,209
Community Facilities	7,416,328	-	-	-	(390,050)	-	-	7,026,278
	75,702,756	525,714	(285,061)	48	(7,730,761)	(795,693)	409,566	67,826,569

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2017

	Opening balance	Additions	Donations	Finance lease	Depreciation	Impairment reversal	Total
Land	1,425,001	-	-	-	-	-	1,425,001
Buildings	17,970,888	-	-	-	(2,894,141)	-	15,076,747
Plant and machinery	1,070,217	-	-	-	(479,585)	1,099	591,731
Furniture and fixtures	1,437,968	-	-	-	(431,768)	4,979	1,011,179
Motor vehicles	6,005,057	-	-	-	(1,173,662)	-	4,831,395
Infrastructure	5,804,127	-	-	-	(477,052)	-	5,327,075
Security measures	1,364,288	-	-	-	(607,029)	-	757,259
Emergency equipment	784,223	-	-	-	(338,593)	-	445,630
Other property, plant and equipment	38,747	-	-	-	(12,311)	-	26,436
Electricity	106,613	-	-	-	(7,612)	-	99,001
Office equipment	3,639,658	22,808	16,000	-	(1,441,612)	3,172	2,240,026
Finance lease fire engines and rescue vehicles	-	-	-	34,763,519	(837,080)	-	33,926,439
Leased Computer equipment	-	-	-	203,405	(47,554)	-	155,851
Specialised vehicles	4,250,209	-	-	-	(224,016)	-	4,026,193
Community Facilities	7,026,278	-	-	-	(390,305)	-	6,635,973
	50,923,274	22,808	16,000	34,966,924	(9,362,320)	9,250	76,575,936

West Rand District Municipality

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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	20,870,072	-	-	(2,899,184)	17,970,888
Plant and machinery	1,714,796	9,865	(321,705)	(332,739)	1,070,217
Furniture and fixtures	1,414,531	298,008	(7,388)	(267,183)	1,437,968
Motor vehicles	7,407,965	-	(260,153)	(1,142,755)	6,005,057
Infrastructure	6,284,466	-	-	(480,339)	5,804,127
Security measures	1,624,270	-	-	(259,982)	1,364,288
Emergency equipment	913,447	-	(4,507)	(124,717)	784,223
Other property, plant and equipment	50,171	-	-	(11,424)	38,747
Electricity	114,221	-	-	(7,608)	106,613
Office equipment	4,739,134	50,750	(24,406)	(1,125,820)	3,639,658
Specialised vehicles	4,474,103	-	-	(223,894)	4,250,209
Community Facilities	7,416,328	-	-	(390,050)	7,026,278
	58,448,505	358,623	(618,159)	(7,265,695)	50,923,274

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.

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

11. Intangible assets

Economic entity	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2,828,227	(2,810,295)	17,932	2,828,227	(2,695,394)	132,833

Controlling entity	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2,716,412	(2,716,410)	2	2,716,412	(2,619,378)	97,034

Reconciliation of intangible assets - Economic entity - 2017

	Opening balance	Amortisation	Total
Computer software, other	132,833	(114,901)	17,932

Reconciliation of intangible assets - Economic entity - 2016

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

Reconciliation of intangible assets - Controlling entity - 2017

	Opening balance	Amortisation	Total
Computer software, other	97,034	(97,032)	2

Reconciliation of intangible assets - Controlling entity - 2016

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

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
12. Payables from exchange transactions				
Trade payables	32,039,933	8,572,458	30,511,529	6,094,579
Debtors with credit balances	360,512	41,778	360,512	41,778
Other payables	281,994	102,871	-	-
Salaries payable	7,118,699	-	7,118,699	-
Leave payable	16,716,071	14,079,163	16,471,433	13,773,485
Stock in transit	12,525	12,525	12,525	12,525
Outstanding cheques	-	15,525,036	-	15,525,036
Interest payable	-	14,613	-	14,613
	56,529,734	38,348,444	54,474,698	35,462,016

13. VAT payable

Tax refunds payables	3,568,230	2,940,125	-	-
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The total VAT payable balance at year end comprise of the following:

Other VAT on income and expenses	(880,043)	(828,198)	-	-
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14. 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
Municipal Water Infrastructure Grant	-	2,008,795	-	2,008,795
	-	8,469,701	-	8,469,701

Movement during the year

Balance at the beginning of the year	8,469,701	480,000	8,469,701	480,000
Additions during the year	230,593,629	253,806,266	228,693,629	253,806,266
Income recognition during the year	(239,063,330)	(245,816,565)	(237,163,330)	(245,816,565)
	-	8,469,701	-	8,469,701

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 26 for reconciliation of grants from National/Provincial Government.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

15. Provisions

Reconciliation of provisions - Economic entity - 2017

	Opening Balance	Additions	Utilised during the year	Total
Long Service Award Provision	12,763,006	-	(522,332)	12,240,674
Performance Bonus	995,213	44,458	-	1,039,671
Department of Labour Assessment Provision	699,697	308,140	-	1,007,837
	14,457,916	352,598	(522,332)	14,288,182

Reconciliation of provisions - Economic entity - 2016

	Opening Balance	Additions	Utilised during the year	Reversed 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 Circuit Television Service Provision	5,050,620	-	-	(5,050,620)	-
	19,834,929	65,106	(391,499)	(5,050,620)	14,457,916

Reconciliation of provisions - Controlling entity - 2017

	Opening Balance	Additions	Utilised during the year	Total
Long Service Award Provision	12,763,006	-	(522,332)	12,240,674
Performance Bonus	995,213	44,458	-	1,039,671
Department of Labour Assessment Provision	699,697	308,140	-	1,007,837
	14,457,916	352,598	(522,332)	14,288,182

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

15. Provisions (continued)

Reconciliation of provisions - Controlling entity - 2016

	Opening Balance	Additions	Utilised during the year	Reversed 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	5,050,620	-	-	(5,050,620)	-
	19,834,929	65,106	(391,499)	(5,050,620)	14,457,916
Non-current liabilities		11,334,247	11,467,931	11,334,247	11,467,931
Current liabilities		2,953,935	2,989,985	2,953,935	2,989,985
		14,288,182	14,457,916	14,288,182	14,457,916
Long service award provision reconciliation					
Opening balance		12,763,006	12,872,289	12,763,006	12,872,289
Benefits paid		(1,295,075)	(976,233)	(1,295,075)	(976,233)
Current service costs		1,091,900	1,127,405	1,091,900	1,127,405
Interest costs		1,049,649	1,019,552	1,049,649	1,019,552
Actuarial (gains)/ losses		(1,368,806)	(1,280,007)	(1,368,806)	(1,280,007)
		12,240,674	12,763,006	12,240,674	12,763,006

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
16. Employee benefit obligations				
Defined benefit plan				
Post-Retirement Medical Plan Obligation (Current)	1,565,525	1,554,396	1,565,525	1,554,396
Post-Retirement Medical Obligation (Non-Current)	50,375,161	51,810,481	50,375,161	51,810,481
	51,940,686	53,364,877	51,940,686	53,364,877

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 2017. An independent Actuarial Valuer which is One Pangaea Financial was appointed by the Municipality to perform the evaluations. The company is practicing according to the conditions and requirements of the Actuarial Society of South Africa. D.T Mureriwa is a qualified member 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 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 Scheme 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 schemes, 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	53,364,877	59,400,737	53,364,877	59,400,737
Benefits paid	(1,554,396)	(1,363,440)	(1,554,396)	(1,363,440)
Net expense recognised in the statement of financial performance	130,205	(4,672,420)	130,205	(4,672,420)
	51,940,686	53,364,877	51,940,686	53,364,877

Net expense recognised in the statement of financial performance

Current service cost	2,487,673	3,050,063	2,487,673	3,050,063
Interest cost	5,019,626	5,351,779	5,019,626	5,351,779
Actuarial (gains) losses	(7,377,094)	(13,074,262)	(7,377,094)	(13,074,262)
	130,205	(4,672,420)	130,205	(4,672,420)

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Consolidated Annual Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

16. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.93 %	9.54 %	9.93 %	9.54 %
Health cost inflation	8.30 %	8.58 %	8.30 %	8.58 %
Consumer price inflation	6.80 %	7.08 %	6.80 %	7.08 %
Net effective discount rate	1.51 %	0.89 %	1.51 %	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 choice 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 sufficiently 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 long maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.93% per annum has been used. These rates do not reflect any adjustment for taxation. These rates were deducted from the yield curve obtained from Bond Exchange of South Africa after market closed on 30 June 2017.

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 the health care arrangement will have an adult dependant. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

16. Employee benefit obligations (continued)

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 service cost and interest cost	5,756,044	8,836,780	5,756,044	8,836,780
Effect on defined benefit obligation	44,633,195	61,211,457	44,633,195	61,211,457

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

	2017 R	2016 R	2015 R	2014 R	2013 R
Defined benefit obligation	51,940,686	53,364,877	59,400,737	51,645,952	39,960,767

17. Finance lease obligation

Minimum lease payments due

- within one year	13,322,638	-	13,322,638	-
- in second to fifth year inclusive	20,064,958	-	20,064,958	-
Present value of minimum lease payments	33,387,596	-	33,387,596	-

Present value of minimum lease payments due

- within one year	13,322,638	-	13,322,638	-
- in second to fifth year inclusive	20,064,958	-	20,064,958	-
	33,387,596	-	33,387,596	-

Non-current liabilities	20,064,958	-	20,064,958	-
Current liabilities	13,322,638	-	13,322,638	-
	33,387,596	-	33,387,596	-

It is economic entity policy to lease certain [fire engines, rescue vehicles and computer equipment (Councillor's laptops) under finance leases.

The average lease term was 3 years for Fire engines /rescue vehicles and 2 years for computer equipment.

The economic entity has not recognised finance cost on lease of fire engines and rescue vehicles in accordance with applicable accounting policy of the WRDM.

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
18. Revenue				
Service charges	807,121	831,035	807,121	831,035
Rental of facilities and equipment	1,447,562	1,578,403	1,412,810	1,548,995
Interest on outstanding receivables	236,257	163,209	236,257	157,098
Agency services (Ambulance services)	-	27,206,217	-	27,206,217
Licences and permits	1,079,614	246,084	1,079,614	246,084
Other income	9,467,632	32,639,103	9,173,689	31,866,383
Interest received - investment	1,463,895	3,308,803	1,463,895	3,308,803
Government grants & subsidies	239,063,330	245,816,565	237,163,330	245,816,565
Public contributions and donations	16,000	-	16,000	-
	253,581,411	311,789,419	251,352,716	310,981,180

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	807,121	831,035	807,121	831,035
Rental of facilities and equipment	1,447,562	1,578,403	1,412,810	1,548,995
Interest on outstanding receivables	236,257	163,209	236,257	157,098
Agency services (Ambulance services)	-	27,206,217	-	27,206,217
Licences and permits	1,079,614	246,084	1,079,614	246,084
Other income	9,467,632	32,639,103	9,173,689	31,866,383
Interest received - investment	1,463,895	3,308,803	1,463,895	3,308,803
	14,502,081	65,972,854	14,173,386	65,164,615

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grants & subsidies	239,063,330	245,816,565	237,163,330	245,816,565
Public contributions and donations	16,000	-	16,000	-
	239,079,330	245,816,565	237,179,330	245,816,565

19. Service charges

Other service charges	807,121	831,035	807,121	831,035
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20. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	1,244,860	1,358,030	1,244,860	1,358,030
Lease of living units	141,915	165,315	141,915	165,315
Parking spaces	26,035	25,650	26,035	25,650
	1,412,810	1,548,995	1,412,810	1,548,995

21. Agency services (Ambulance services)

Emergency medical services	-	27,206,217	-	27,206,217
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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.

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
22. Other revenue				
Other income	9,467,632	32,639,103	9,173,689	31,866,383
23. Other income				
Recreation facilities (Donandlson Dam)	241,022	444,921	-	-
Sundry income	764,731	567,096	764,731	567,096
Other income from Agency	52,921	327,799	-	-
Contributions from local municipalities	7,500,000	30,760,233	7,500,000	30,760,233
Sale of plants	71,958	276,458	71,958	276,458
LG Seta Grant	837,000	256,404	837,000	256,404
Private telephone calls	-	6,192	-	6,192
	9,467,632	32,639,103	9,173,689	31,866,383

Other income of R327 751 in 2015/2016 financial period relates to the surrendered value on Hume Machinery creditor as a result of a court order

Other income of R52,921 in the current year relates to the receipt from Mabala Noise concerning the event that was held in December 2016.

24. Investment revenue

Interest revenue

Bank	1,463,895	3,308,803	1,463,895	3,308,803
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25. Transfers and subsidies

Other subsidies

Transfer of Buy-back centre	1,630,833	-	-	-
WRDM Subsidy	-	-	4,394,200	4,394,200
	1,630,833	-	4,394,200	4,394,200

The buy back centre which was capitalised and reclassified to buildings in 2015/2016 financial period has been transferred to Siphumelele Youth Organisation through Rand West City Local Municipality during the current year (2016/2017)

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
26. Government grants and subsidies				
Operating grants				
Equitable share	30,273,000	30,593,000	30,273,000	30,593,000
Expended Public Works Program	1,305,000	1,000,000	1,305,000	1,000,000
IDC Grant	1,900,000	-	-	-
Financial Management Grant	1,250,000	1,250,000	1,250,000	1,250,000
RCS Replacement Grant	158,599,000	154,249,000	158,599,000	154,249,000
HIV/AIDS Grant	7,174,000	6,565,506	7,174,000	6,565,506
Municipal systems improvement grant	-	930,000	-	930,000
Network Libraries	3,300,000	2,504,017	3,300,000	2,504,017
Rural Asset Management Grant	3,480,402	1,207,598	3,480,402	1,207,598
Merger/ Transformation Grant	10,923,133	9,606,031	10,923,133	9,606,031
Gauteng Department of Agriculture And Rural Development	-	3,149,643	-	3,149,643
	218,204,535	211,054,795	216,304,535	211,054,795
Capital grants				
Municipal Water Infrastructure Grant	2,008,795	24,761,770	2,008,795	24,761,770
Neighbourhood Development Partnership Grant	18,850,000	10,000,000	18,850,000	10,000,000
	20,858,795	34,761,770	20,858,795	34,761,770
	239,063,330	245,816,565	237,163,330	245,816,565

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	40,658,629	68,964,226	40,658,629	68,964,226
Unconditional grants received	190,772,000	184,842,000	188,872,000	184,842,000
	231,430,629	253,806,226	229,530,629	253,806,226

Expended Public Works Programme

Current-year receipts	1,305,000	1,000,000	1,305,000	1,000,000
Conditions met - transferred to revenue	(1,305,000)	(1,000,000)	(1,305,000)	(1,000,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 14).

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 14)

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

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

26. Government grants and subsidies (continued)

RCS Replacement Grant

Current-year receipts	158,599,000	154,249,000	158,599,000	154,249,000
Conditions met - transferred to revenue	(158,599,000)	(154,249,000)	(158,599,000)	(154,249,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 14).

The grant is used as revenue adjustment factor as the district does not collect own revenue from service levies.

HIV/AIDS Grant

Balance unspent at beginning of year	70,535	-	70,535	-
Current-year receipts	7,103,465	6,636,041	7,103,465	6,636,041
Conditions met - transferred to revenue	(7,103,465)	(6,565,506)	(7,103,465)	(6,565,506)
Other	(70,535)	-	(70,535)	-
	-	70,535	-	70,535

Conditions still to be met - remain liabilities (see note 14).

The grant is utilised to finance HIV/AIDS project campaigns at the WRDM and its Local Municipalities.

IDC Grant

Current year receipts	1,900,000	-	-	-
Conditions met - transferred to revenue	(1,900,000)	-	-	-
	-	-	-	-

Conditions still to be met - remain liabilities (see note 14).

Municipal Systems Improvement Grant

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

Conditions still to be met - remain liabilities (see note 14).

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

Network Libraries

Current-year receipts	3,300,000	2,054,017	3,300,000	2,054,017
Conditions met - transferred to revenue	(3,300,000)	(2,054,017)	(3,300,000)	(2,054,017)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 14).

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

West Rand District Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
26. Government grants and subsidies (continued)				
Rural Asset Management Grant				
Balance unspent at beginning of year	996,402	-	996,402	-
Current-year receipts	2,484,000	2,204,000	2,484,000	2,204,000
Conditions met - transferred to revenue	(3,480,402)	(1,207,598)	(3,480,402)	(1,207,598)
	-	996,402	-	996,402

Conditions still to be met - remain liabilities (see note 14).

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

Merger/Transformation Grant

Balance unspent at beginning of year	5,393,969	-	5,393,969	-
Current-year receipts	5,529,164	15,000,000	5,529,164	15,000,000
Conditions met - transferred to revenue	(10,923,133)	(9,606,031)	(10,923,133)	(9,606,031)
	-	5,393,969	-	5,393,969

Conditions still to be met - remain liabilities (see note 14).

The 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	-	2,669,643
Conditions met - transferred to revenue	-	(3,149,643)	-	(3,149,643)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 14).

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

Municipal Water Infrastructure Grant

Balance unspent at beginning of year	2,008,795	-	2,008,795	-
Current-year receipts	-	26,770,565	-	26,770,565
Conditions met - transferred to revenue	(2,008,795)	(24,761,770)	(2,008,795)	(24,761,770)
	-	2,008,795	-	2,008,795

Conditions still to be met - remain liabilities (see note 14).

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

Neighbourhood Development Partnership Grant

Current-year receipts	18,850,000	10,000,000	18,850,000	10,000,000
Conditions met - transferred to revenue	(18,850,000)	(10,000,000)	(18,850,000)	(10,000,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 14).

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

26. Government grants and subsidies (continued)

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

27. Public contributions and donations

Donation of Office equipment (Laptop)	16,000	-	16,000	-
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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
28. Employee related costs				
Basic	103,684,711	105,555,704	100,157,151	101,440,803
Bonus	7,670,767	7,721,387	7,670,767	7,721,387
Medical aid - company contributions	10,066,126	10,005,999	10,066,126	10,005,999
UIF	646,058	683,482	646,058	683,482
SDL	1,338,153	1,405,870	1,338,153	1,405,870
Leave pay provision charge	5,735,938	5,415,457	5,730,522	5,251,150
Pension fund contribution	17,806,595	17,685,141	17,806,595	17,685,141
Group Insurance	1,623,835	1,563,498	1,623,835	1,563,498
Travel, motor car, accommodation, subsistence and other allowances	9,636,636	9,041,106	9,636,636	9,033,422
Overtime payments	1,143,807	1,489,660	1,143,807	1,489,660
Acting allowances	228,408	515,470	228,408	515,470
Housing benefits and allowances	1,026,423	1,120,409	1,026,423	1,120,409
Board remuneration & Standby/Nightshift allowance	2,977,799	3,435,373	2,806,049	3,138,123
Sundays and public holidays	3,581,214	3,855,043	3,581,214	3,855,043
Industrial council levy	34,766	69,773	34,766	69,773
	167,201,236	169,563,372	163,496,510	164,979,230

Remuneration of Municipal Manager (M.D. Mokoena)

Annual Remuneration	1,310,826	1,372,140	1,310,826	1,372,140
Car Allowance	90,000	216,000	90,000	216,000
Performance Bonuses	142,933	142,933	347,428	142,933
Leave encashment	274,736	-	274,736	-
Other	18,848	5,184	18,848	5,184
	1,837,343	1,736,257	2,041,838	1,736,257

Municipal Manager's contract ended on 30 November 2016 and was re-appointed on 01 December 2016.

Remuneration of Chief Financial Officer (R. Mohaudi)

Annual Remuneration	1,222,944	1,140,132	1,222,944	1,140,132
Car Allowance	240,000	240,000	240,000	240,000
Performance Bonuses	204,812	124,212	204,812	124,212
Other	83,399	46,126	83,399	46,126
	1,751,155	1,550,470	1,751,155	1,550,470

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

Annual Remuneration	1,330,944	1,280,132	1,330,944	1,280,132
Car Allowance	132,000	100,000	132,000	100,000
Performance Bonuses	131,665	124,212	131,665	124,212
Other	12,835	-	12,835	-
	1,607,444	1,504,344	1,607,444	1,504,344

Former Executive Manager: Corporate Services (S Ngcobo)

Performance Bonuses	101,746	-	101,746	-
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Mr S Ngcobo who resigned on September 2014 was remunerated a performance bonus for 2013/2014 financial year.

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
28. Employee related costs (continued)				
Former Executive Manager: Health & Social Services (K.S. Ndlovu)				
Annual Remuneration	917,208	1,140,132	917,208	1,140,132
Car Allowance	180,000	240,000	180,000	240,000
Performance Bonuses	131,665	124,212	131,665	124,212
Leave encashment	372,044	-	372,044	-
Pension payout	15,371	1,340	15,371	1,340
	1,616,288	1,505,684	1,616,288	1,505,684

The contract of old Executive Manager : Health and Social Services ended on 31 March 2017.

Executive Manager: Corporate Services (R Mokebe)

Annual Remuneration	136,710	-	136,710	-
Car Allowance	46,000	-	46,000	-
Other	1,750	-	1,750	-
	184,460	-	184,460	-

The new Executive Manager: Corporate Services was appointed on 01 May 2017.

Executive Manager: Health & Social Services (MM Mazibuko)

Annual Remuneration	146,710	-	146,710	-
Car Allowance	36,000	-	36,000	-
Other	1,750	-	1,750	-
	184,460	-	184,460	-

The new Executive Manager : Health and Social Services was appointed on 01 May 2017.

Executive Manager: Public Safety (M.E. Koloi)

Annual Remuneration	903,473	944,424	903,473	944,424
Car Allowance	162,999	169,332	162,999	169,332
Performance Bonuses	-	124,212	-	124,212
Leave encashment	313,517	-	313,517	-
Pension payout	372,044	-	372,044	-
Other	15,371	1,340	15,371	1,340
	1,767,404	1,239,308	1,767,404	1,239,308

Executive Manager : Public Safety's contract ended on 31 March 2017 and was re-appointed on 01 May 2017.

Remuneration of directors and executive managers of West Rand Development Agency

Board fees - non-executive directors	171,750	297,250	-	-
Basic salary and allowances - executive managers	1,719,718	1,656,303	-	-
	1,891,468	1,953,553	-	-

Included above is the remuneration to the CEO and non-executive directors of West Rand Development Agency.

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	2017	2016	2017	2016
29. Remuneration of councillors				
Executive Major	826,833	846,275	826,833	846,275
Mayoral Committee Members	3,915,955	4,015,090	3,915,955	4,015,090
Speaker	666,708	681,194	666,708	681,194
Councillors	4,290,779	4,425,598	4,290,779	4,425,598
	9,700,275	9,968,157	9,700,275	9,968,157

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Speaker has use of a Council owned vehicle for official duties.

30. Lease rentals on operating lease

Lease of vehicles	6,741,028	4,209,404	6,741,028	4,209,404
Lease of equipment	1,930,539	1,893,347	1,930,539	1,893,347
Lease of property	489,781	481,426	-	-
	9,161,348	6,584,177	8,671,567	6,102,751

31. Depreciation and amortisation

Property, plant and equipment	9,766,032	7,807,067	9,362,315	7,265,697
Intangible assets	97,032	757,586	97,032	757,586
	9,863,064	8,564,653	9,459,347	8,023,283

32. Impairment of assets

Impairments

Property, plant and equipment	(9,250)	920,512	(9,250)	-
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.]				

Reversal of impairments

Property, plant and equipment	-	(409,565)	-	-
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.]				

Total impairment losses (recognised) reversed	(9,250)	510,947	(9,250)	-
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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
33. Debt impairment				
(Reversal of)/ Contributions to debt impairment provision	(2,310,385)	700,085	(2,310,385)	700,085
Bad debts written off	-	1,334,387	-	1,144,593
	(2,310,385)	2,034,472	(2,310,385)	1,844,678

Bad debts written off relates to study loans and the prior year pre-payments which were deemed irrecoverable.

34. General expenses

External Audit fees	2,533,195	2,872,585	2,220,126	2,748,025
Advertising	709,370	635,971	709,370	396,691
Bank charges	585,641	86,666	576,122	75,698
EPWP expenditure	1,288,659	1,001,531	1,288,659	1,001,531
LSA and PEMA Interest cost	6,069,275	6,473,897	6,069,275	6,371,331
Consulting and professional fees	6,927,383	7,167,219	6,583,942	6,085,768
Consumables	61,194	91,808	61,194	91,680
Entertainment	7,471	115,503	2,082	75,447
Fines and penalties	-	97,431	-	-
Pensioners medical aid	1,736,975	1,280,313	1,736,975	1,280,313
Insurance	2,217,761	1,457,796	2,217,761	1,457,796
MWIG expenditure (1)	1,816,806	20,777,622	1,816,806	20,777,622
Levies	1,732,284	2,778,106	1,732,284	2,778,106
Magazines, books and periodicals	-	804	-	804
Operating cost general	-	1	-	1
Membership fees	1,846,230	1,743,891	1,846,230	1,743,891
Fuel and oil	1,559,950	2,145,473	1,558,943	2,144,473
Printing and stationery	174,313	202,639	145,100	188,476
Royalties and license fees	799,851	1,626,326	799,851	1,626,326
Security (Guarding of municipal property) & CCTV	10,420,922	11,460,814	9,704,793	10,222,117
Staff welfare	-	80,363	-	80,363
Telephone and fax	2,937,708	7,036,660	2,868,535	6,934,837
Training	270,108	983,289	229,506	915,612
NDPG expenditure	19,367,290	8,545,408	19,367,290	8,545,408
Municipal charges - water, electricity and levies	43,773	165,289	-	-
Uniforms and protective clothing	73,530	1,292,090	73,530	1,292,090
Rural Asset Management expenditure	2,306,772	1,059,296	2,306,772	1,059,296
Merger/Transformation expenditure (2)	12,246,353	8,426,343	12,246,353	8,426,343
Current service cost	3,579,573	4,177,468	3,579,573	4,177,468
Stock and material	534,733	438,314	534,733	438,314
Special Programmes and Projects	18,019,680	21,329,921	18,019,680	21,329,921
OR Tambo games	294,214	5,694,108	294,214	5,694,108
Sundry expenses (3)	3,734,034	466,909	3,725,858	464,299
	103,895,048	121,711,854	102,315,557	118,424,155

(1) MWIG expenditure relates to expenditure on the Municipal water infrastructure project in the West Rand project. West Rand District Municipality was appointed as an implementing agent to administer this grant 2015/2016.

(2) Merger/Transformation 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.

(3) Included in sundry expenses is amount of R3,787,994 is expenses which relate to libraries within West Rand region in for installation of network.

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
35. Fair value adjustments				
Investment property (Fair value model)	-	230,000	-	230,000
Biological assets - (Fair value model)	140,008	644,261	140,008	644,261
	140,008	874,261	140,008	874,261
36. Cash used in operations				
(Deficit) surplus	(39,050,179)	5,160,362	(37,864,526)	9,642,903
Adjustments for:				
Depreciation and amortisation	9,863,064	8,564,653	9,459,347	8,023,283
Loss/ (Gain) on sale of assets and liabilities	-	384,128	-	384,128
Movement on WCA	308,140	(282,217)	308,140	(282,217)
Fair value adjustments	(140,008)	(874,261)	(140,008)	(874,261)
Finance costs - Finance leases	72,327	-	72,327	-
Impairment (reversals) loss	(9,250)	510,947	(9,250)	-
Debt impairment	(2,310,385)	2,034,472	(2,310,385)	1,844,678
Movements in retirement benefit assets and liabilities	(1,424,191)	(6,035,860)	(1,424,191)	(6,035,860)
Movements in provisions	(169,734)	(5,377,013)	(169,734)	(5,377,013)
Accrued income (Assets Auction)	-	(234,031)	-	(234,031)
Other non-cash items	1,371,109	(1,874,799)	1,910,748	(1,874,799)
Accrued interest	-	(230,311)	-	(224,200)
Write off of Creditors balance	-	(327,751)	-	-
Transfer of Buy-back centre to Mohlakeng	1,630,834	(48)	-	-
Changes in working capital:				
Inventories	319,308	(251,982)	319,308	(251,982)
Receivables from exchange transactions	(8,972,753)	(24,909,715)	(8,972,753)	(24,938,280)
Long-term receivables	24,118	478,423	24,118	478,423
Payables from exchange transactions	18,181,290	2,750,367	19,012,682	1,310,838
VAT	(3,041,149)	(8,348,184)	(3,669,254)	(8,097,023)
Unspent conditional grants and receipts	(8,469,701)	7,989,701	(8,469,701)	7,989,701
	(31,817,160)	(20,873,119)	(31,923,132)	(18,515,712)

37. 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.

38. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2017

Financial assets

	At amortised cost	At cost	Total
Long term debtors	-	1,054,815	1,054,815
Trade and other receivables from exchange transactions	36,649,260	-	36,649,260
Cash and cash equivalents	2,400,740	-	2,400,740
	39,050,000	1,054,815	40,104,815

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

38. Financial instruments disclosure (continued)

Financial liabilities

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	(56,529,734)	(56,529,734)
Overnight Bank facility	(22,000,139)	-	(22,000,139)
	(22,000,139)	(56,529,734)	(78,529,873)

Economic entity - 2016

Financial assets

	At amortised cost	At cost	Total
Long term debtors	-	1,078,933	1,078,933
Trade and other receivables from exchange transactions	27,676,507	-	27,676,507
Cash and cash equivalents	13,903,724	-	13,903,724
	41,580,231	1,078,933	42,659,164

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	39,917,349	39,917,349
Unspent conditional grants and receipts	8,469,701	8,469,701
	48,387,050	48,387,050

Controlling entity - 2017

Financial assets

	At amortised cost	At cost	Total
Long term debtors	-	1,054,815	1,054,815
Trade and other receivables	36,649,260	-	36,649,260
Cash and cash equivalents	2,292,237	-	2,292,237
	38,941,497	1,054,815	39,996,312

Financial liabilities

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	(54,474,698)	(54,474,698)
Overnight Bank facility	(22,000,139)	-	(22,000,139)
	(22,000,139)	(54,474,698)	(76,474,837)

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

38. Financial instruments disclosure (continued)

Controlling entity - 2016

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	27,676,507	-	27,676,507
Cash and cash equivalents	13,901,193	-	13,901,193
Long term debtors	-	1,078,933	1,078,933
	41,577,700	1,078,933	42,656,633

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	35,462,016	35,462,016
Unspent conditional grants and receipts	8,469,701	8,469,701
	43,931,717	43,931,717

39. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	17,040,888	14,607,257	17,040,888	14,607,257
- in second to fifth year inclusive	15,117,803	32,158,691	15,117,803	32,158,691
	32,158,691	46,765,948	32,158,691	46,765,948

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	1,642,068	1,459,235	1,642,068	1,459,235
- in second to fifth year inclusive	3,545,500	3,706,525	3,545,500	3,706,525
- later than five years	586,836	1,358,742	586,836	1,358,742
	5,774,404	6,524,502	5,774,404	6,524,502

Certain of the economic entity'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 10 years. There are no contingent rents receivable.

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	2017	2016	2017	2016
40. Contingencies				
Izak Smal (Up & Under Motors) Despite a court order, Plaintiff claims unlawful eviction from BP Garage Site and claim loss of income. Mateer 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.	9,655,700	9,655,700	9,655,700	9,655,700
Nolusaphu Matwa Claim for medical negligence at the Bekkerdal Clinic where baby suffered injuries when born. Terms and conditions. Claimant was informed that claim must be instituted against the Department of Health as the relevant authority dealing with Primary Health Care Services. No further information received as at date of submission of AFS.	-	-	-	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
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 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
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
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
Subtotal	9,655,700	9,655,700	9,655,700	25,018,233
	9,655,700	9,655,700	9,655,700	25,018,233

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	2017	2016	2017	2016

41. Related parties

Relationships

Accounting Officer

Controlling entity

Members of key management in WRDM

Refer to accounting officer's report note 1.24

West Rand District Municipality

M.D Mokoena : Accounting Officer

R. Mohaudi : Chief Financial Officer

M.E Koloi : Executive Manager (Public Safety)

K.S Ndlovu: Former Executive Manager - Health & Social Services

M.M Mazibuko: New Executive Manager - Health & Social Services

H.Hamer : Executive Manager - Regional & Economic Development

Members of key management in WRDA

M. Gaffane (Chief Executive Officer)

T. Mokale (Chairperson of the board committee)

Appointed 01 March 2017

E. Mokhine (Chairperson of Human Resources & Remuneration Committee) Appointed 01 March 2017

L. Phambani (Chairperson of Audit, Finance & Risk Committee) Appointed 01 March 2017

B. Friedman (Chairperson of Economic Development & Investment Committee) Appointed 01 March 2017

S. Mohapi (Former Chairperson of the Board

Committee) Resigned 28 February 2017

C. Venter (Former Chairperson of Human Resources and Remuneration Committee) Resigned 28 February 2017

M. Ramagaga (Former Chairperson of Audit, Finance and Risk Management) Resigned 28 February 2017

T. Sejake (Former Chairperson of Tender and Projects Committee) Resigned 28 February 2017

Q. Nkosi (Former Non-Executive Director) Resigned February 2017

M. Ramodibe (Former Non-Executive Director) Resigned 28 February 2017

D. Don-Pierrot (Former Non-Executive Director) Resigned 28 February 2017

D. Ndlovu (Former Non-Executive Director) Resigned 28 February 2017

P. Nodada (Chairperson of Projects & Procurement Committee) Appointed 01 March 2017

L. Hibbert (Non-Executive Director) Appointed 01 March 2017

N.D Ndlovu (Non-Executive Director) Appointed 01 March 2017

M. Mohlakoana (Non-Executive Director) Appointed 01 March 2017

J.E Sloan (Non-Executive Director) Appointed 01 March 2017

G. Sebola (Non-Executive Director) Appointed 01 March 2017

A. Asvat (Member of Sub-Committee) Appointed 01 March 2017

A. Maslu (Member of Sub-Committee) Appointed 01 March 2017

L. Brits (Member of Sub-Committee) Appointed 01 March 2017

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	2017	2016	2017	2016

41. Related parties (continued)

P. Jacobs (Member of Sub-Committee) Appointed 01 March 2017
M. Goafane (Member of Sub-Committee) Appointed 31 March 2017
W. Myburgh (Member of Sub-Committee) Appointed 31 March 2017

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

Related party balances

Whole owned Subsidiary

West Rand Development Agency			4,394,200	4,394,200
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Related party transactions

The WRDM has a relationship with Merafong City, Rand West City and Mogale City Local Municipalities and the WRDA which resulted in the transfers by the WRDM during the 2016/2017 financial year end. In the current financial year, the municipality transferred money to the WRDA.

To the best of the WRDM knowledge and taking into account all disclosures 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 contributed for the establishment of the WRDA were fair at value.

Compensation to accounting officer and other key management

Short-term employee benefits	715,770	704,886	715,770	704,886
Defined contribution plans	10,857	126,466	10,857	126,466
	726,627	831,352	726,627	831,352

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42. Prior period errors

Receivables from exchange transactions

Accrued income for funds expected from Shatadi Auctioneers relating to fixed assets auctioned in the previous financial period on 23 June 2016 was not raised. In addition, there are also receivable balances which arose from initial system conversion (from BIQ to Munosft) and these balances never had movement since 2011/2012 financial period. These balances were written off by Council as per new mSCOA requirements.

Cash & cash equivalents and general expenses

During the 2015/2016 audit, management was requested by Auditor General to process an adjustment on the annual financial statements with regards to cash and cash equivalents (Audit adjustment). The cashbook and bank statement balance had a difference of R6.2 million due to long outstanding reconciling items on the bank reconciliation statement which were largely caused by system upgrade performed on the 29 June 2016. The difference was recorded as "material losses" on the bank reconciliation. In addressing the issue, management have reconciled the cash book and bank statement of 2015/16. The prior period adjustment were processed against the material loss on bank reconciliation expense account.

Long-term receivables

Management has noted that the reported balance of 2015/16 of study loans were incorrectly stated. Study loan assistance account was reviewed and total error identified. The error relates to inclusion of employees who have either completed their study assistance obligations or were no longer in the employ of the municipality. The correction of the error also affects debt write off account in 2015/2016 financial period.

Property, plant and equipment

The Municipality's fixed assets were assessed in terms of the paragraph 56 of GRAP 17. This has affected the opening balance of accumulated depreciation and the movement of depreciation of the current. There were also additions to fixed assets that were erroneously expensed instead of being capitalised in the 2015/2016 financial period. There are also disposals which were not effected in 2015/2016 financial period and Council has approved the transfers of those assets to FBA's.

Payables from exchange transactions and VAT receivables

Creditors accruals for West Rand District Municipality recorded in the incorrect accounting period were reversed and this has also affected VAT receivables. West Rand Development Agency raised a credit note on long outstanding telkom invoice which was erroneously captured in

2015/2016 financial period. The error affected Creditors balances and expenses transactions for 2015/2016 financial period. The credit note was meant to correct both Creditors and Accumulated surplus balances.

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

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42. Prior period errors (continued)

Statement of Financial position	As Previously Reported	Change in accounting policy	Re-Classification	Correction of error	Restated Balance
Cash and cash equivalents	13,903,725	-	-	(1)	13,903,724
Receivables from exchange transactions	27,910,111	-	-	(233,604)	27,676,507
VAT receivable	6,792,435	-	-	(73,802)	6,718,633
Long-term receivables	2,223,526	-	-	(1,144,593)	1,078,933
Property, plant and equipment	60,024,446	-	-	7,802,123	67,826,569
Payables from exchange transactions	(39,917,349)	-	-	1,572,695	(38,344,654)
Accumulated (surplus)/ deficit	(5,663,960)	-	-	(7,922,818)	(13,586,778)
	65,272,934	-	-	-	65,272,934

Statement of Financial performance	As Previously Reported	Change in accounting policy	Re-Classification	Correction of error	Restated Balance
Interest received - investment	3,186,575	-	-	128,339	3,314,914
(Loss) gain on disposal of assets and liabilities	(285,058)	-	-	(99,070)	(384,128)
Debt Impairment	(889,879)	-	-	(1,144,593)	(2,034,472)
Repairs and maintenance	(2,883,255)	-	-	77,302	(2,805,953)
General Expenses	(124,348,793)	-	-	2,142,783	(122,206,010)
	(125,220,410)	-	-	1,104,761	(124,115,649)

43. Risk management

Liquidity risk

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

44. 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.

45. Events after the reporting date

The directors have taken all events, matters and /or circumstances arising after year end in preparing and presenting the annual financial statements. The most significant of these relates to the disposal of Katlego Cultural Facilities.

46. Unauthorised expenditure

No unauthorised expenditure for 2016/2017 financial year.

47. Fruitless and wasteful expenditure

Opening balance	382,905	282,236	5,040	1,802
Penalties on late submission to SARS (b)	-	100,669	-	3,238
Condoned by Council through MPAC (a)	865	-	(1,802)	-
	383,770	382,905	3,238	5,040

(a) During 2016/2017 financial year MPAC has tabled the report to Council to condone fruitless and wasteful expenditure amounting to R1,802 which was incurred during 2011/2012.

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47. Fruitless and wasteful expenditure (continued)

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

48. Irregular expenditure

Opening balance	1,114,032	300,132	899,092	85,192
Add: Irregular Expenditure - current year	-	47,500	-	47,500
Less: Amounts condoned	(899,092)	-	(899,092)	-
	214,940	347,632	-	132,692

Analysis of expenditure awaiting condonation per age classification

Current year	47,500	-	-	47,500
Prior years	1,066,532	-	-	851,592
	1,114,032	-	-	899,092

Details of irregular expenditure condoned

	Condoned by (condoning authority)		
Incurred during 2008/2009 financial year	By Council through MPAC recommendations		503,746
Incurred during 2011/2012 financial year	By Council through MPAC recommendations		347,846
Incurred during 2015/2016 financial year	By Council through MPAC recommendations		47,500
			899,092

49. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,846,230	1,743,891	1,846,230	1,743,891
Amount paid - current year	-	(1,743,891)	-	(1,743,891)
	1,846,230	-	1,846,230	-

Material losses through criminal conduct

Opening balance ^^	4,086,502	4,000,000	4,086,502	4,000,000
Current year **	-	6,213,226	-	6,213,226
Amounts matched	-	(6,126,724)	-	(6,126,724)
	4,086,502	4,086,502	4,086,502	4,086,502

** 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 reconciliations were reformed and amounts on cashbook were matched to the amounts on the bank statement. The total difference unmatched amounts to R86,502.45 and is still being investigated further.

^^ 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 pursued to recover the WRDM losses. The internal personnel has already underwent disciplinary procedures and the employee have been dismissed.

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49. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Audit fees				
Opening balance	-	12,178	-	-
Current year subscription / fee	3,061,094	2,872,585	2,519,533	2,748,025
Amount paid - current year	(2,142,778)	(2,884,763)	(1,926,132)	(2,748,025)
	918,316	-	593,401	-
PAYE and UIF				
Opening balance	32,788	-	-	-
Current year subscription / fee	27,001,085	27,780,000	27,001,085	27,780,000
Current year PAYE	774,510	949,859	-	-
Current year UIF	24,560	32,562	-	-
Amount paid - previous years	(23,508,416)	(28,729,633)	(22,822,474)	(27,780,000)
	4,324,527	32,788	4,178,611	-
Pension and Medical Aid Deductions				
Current year subscription / fee	28,717,835	26,985,969	28,717,835	26,985,969
Amount paid - current year	(26,231,854)	(26,985,969)	(26,231,854)	(26,985,969)
	2,485,981	-	2,485,981	-
VAT				
VAT receivable	10,387,887	6,718,633	10,387,887	6,718,633
VAT payable	3,568,230	2,940,125	-	-
	13,956,117	9,658,758	10,387,887	6,718,633
VAT output payables and VAT input receivables are shown in note 13. The municipality is registered for VAT on the cash (payment) basis.				
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 2017.				
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				
Sole Provider	61,140	1,821,114	61,140	1,821,114
Impractical to follow SCM	1,063,302	1,304,238	1,063,302	1,304,238
	1,124,442	3,125,352	1,124,442	3,125,352

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50. Deviation from supply chain management regulations

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the consolidated annual financial statements.

51. Non-compliance with Laws and Regulations

During the year under review, the municipality utilised Section 45 of the MFMA to access overnight facility to bridge working capital requirement.

Section 45(4)(a) of the MFMA requires that the municipality repays such facility on or before the end of the financial year. The municipality was not able to repay the facility on or before year end.

The relevant Provincial and National Treasury have been duly informed of the instance of non-compliance and this disclosure is made in accordance with Section 125(2)(e) and (f) of the MFMA.