



WEST COAST DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## General Information

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### Mayoral committee

Cllr J H Cleophas (Executive Mayor)  
Cllr R W Strydom (Deputy Executive Mayor)  
Cllr R E Swarts (Speaker)

### Councillors

Cllr J Meyer  
Ald F J Schippers  
Ald B J Stanley  
Cllr V D McQuire  
Cllr S A Gxabalashe  
Cllr R Skei  
Cllr F Kamfer  
Cllr H J van der Hoven  
Cllr C Erasmus  
Cllr J Alexander  
Cllr J J Hoop  
Cllr N M Ngobo  
Cllr M Carosini  
Cllr N S Qunta  
Ald S I J Smit  
Cllr A J du Plooy  
Cllr E B Mankay  
Ald E Nackerdien  
Cllr M Schrader  
Cllr S M Scholtz  
Cllr B J Penxa  
Cllr N Smit

### Grading of local authority

Grade 4

### Credit Rating

Long Term : A-  
Short Term : A1-

### Registered office

58 LONG STREET  
MOORREESBURG  
7310

### Postal address

P O BOX 242  
MOORREESBURG  
7310

### Bankers

First National Bank  
62001436014

### Auditors

AUDITOR GENERAL  
Registered Auditors

### Telephone

022-433 8400

### Fax

086 692 6113

### Accounting Officer

H F Prins

### Chief Financial Officer (CFO)

J Koekemoer

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

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I AM RESPONSIBLE FOR THE PREPARATION OF THESE ANNUAL FINANCIAL STATEMENTS, WHICH ARE SET OUT ON PAGES 3 TO 97, IN TERMS OF SECTION 126 (1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, AND WHICH I HAVE SIGNED ON BEHALF OF THE MUNICIPALITY.

I CERTIFY THAT THE SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS AS DISCLOSED IN NOTE 22 OF THESE ANNUAL FINANCIAL STATEMENTS ARE WITHIN THE UPPER LIMITS OF THE FRAMEWORK AS ENVISAGED IN SECTION 219 OF THE CONSTITUTION, READ WITH THE REMUNERATION OF PUBLIC OFFICE BEARERS ACT, 20 OF 1998, AND THE MINISTER OF PROVINCIAL AND LOCAL GOVERNMENT'S DETERMINATION IN ACCORDANCE WITH THIS ACT.

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**Municipal Manager - 31 August 2017**

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**Chief Financial Officer - 31 August 2017**

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	234 434 001	226 914 873
Trade receivables from exchange transactions	5	3 950 639	3 686 991
Other receivables from exchange transactions	4	30 187 477	8 773 120
Inventories	3	5 323 114	3 960 475
Employee benefit - roads receivable	15	1 196 396	1 127 968
		<b>275 091 627</b>	<b>244 463 427</b>
<b>Non-Current Assets</b>			
Investment property	7	4 572 282	4 605 492
Property, plant and equipment	8	323 787 573	327 953 285
Intangible assets	9	520 363	1 028 903
Employee benefit - roads receivable	15	19 361 937	18 744 707
		<b>348 242 155</b>	<b>352 332 387</b>
<b>Total Assets</b>		<b>623 333 782</b>	<b>596 795 814</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade payables from exchange transactions	10	15 055 855	16 966 417
VAT payable	11	1 084 827	917 466
Unspent conditional grants and subsidies	12&20	1 712 584	1 483 836
Employee benefits	13	8 725 091	7 376 069
Current portion of long-term liabilities	14&29	17 003 568	15 492 689
Provisions	48	5 304 077	-
		<b>48 886 002</b>	<b>42 236 477</b>
<b>Non-Current Liabilities</b>			
Medical aid benefits	15	62 476 909	63 420 000
Long service awards	16	7 280 737	7 460 000
Long-term liabilities	14	40 242 583	57 245 315
		<b>110 000 229</b>	<b>128 125 315</b>
<b>Total Liabilities</b>		<b>158 886 231</b>	<b>170 361 792</b>
<b>Net Assets</b>		<b>464 447 551</b>	<b>426 434 022</b>
Accumulated surplus	17	464 447 551	426 434 022

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	18	114 320 616	113 875 025
Roads agency services	44	122 703 242	145 936 197
Other revenue	19	5 290 239	4 731 981
Fees earned		158 362	10 000
Resort income	7	3 502 943	3 035 663
Finance income	46	20 726 817	17 176 155
<b>Total revenue from exchange transactions</b>		<b>266 702 219</b>	<b>284 765 021</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Other revenue	19	1 625 405	657 806
Actuarial gains recognised - employee benefits	45	6 796 061	347 503
Government grants & subsidies	20	88 917 107	88 127 238
Actuarial gains recognised - roads receivable		-	1 965 675
<b>Total revenue from non-exchange transactions</b>		<b>97 338 573</b>	<b>91 098 222</b>
<b>Total revenue</b>		<b>364 040 792</b>	<b>375 863 243</b>
<b>Expenditure</b>			
Employee related costs	21	(155 586 891)	(145 961 668)
Remuneration of councillors	22	(5 692 560)	(6 152 615)
Depreciation and amortisation		(14 254 279)	(13 597 719)
Finance costs	24	(7 276 198)	(8 943 059)
Transfers and subsidies	49	(1 007 033)	(932 958)
Materials and supplies - Inventory consumed	23	(42 918 883)	(46 971 912)
Contracted services	50	(15 719 545)	(11 662 166)
Bulk purchases	25	(11 524 754)	(10 682 893)
Allowance for impairment	47	-	(281 633)
General Expenses	26	(70 718 635)	(89 016 311)
<b>Total expenditure</b>		<b>(324 698 778)</b>	<b>(334 202 934)</b>
Loss on disposal of assets and liabilities		(1 144 955)	(20 284 889)
Actuarial loss on road receivable	15	(526 821)	-
		<b>(1 671 776)</b>	<b>(20 284 889)</b>
<b>Surplus for the year</b>		<b>37 670 238</b>	<b>21 375 420</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2015 Restated</b>	<b>405 058 602</b>	<b>405 058 602</b>
Changes in net assets		
Surplus for the year	21 375 420	21 375 420
Total changes	21 375 420	21 375 420
<b>Balance at 01 July 2016 Restated</b>	<b>426 434 022</b>	<b>426 434 022</b>
Changes in net assets		
Surplus for the year	37 670 238	37 670 238
Correction of an error - Note 27	343 291	343 291
Total changes	38 013 529	38 013 529
<b>Balance at 30 June 2017</b>	<b>464 447 551</b>	<b>464 447 551</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from rate payers, government and other		215 828 090	216 114 711
Road services		98 547 061	130 803 747
Interest income		20 726 817	17 176 155
		<u>335 101 968</u>	<u>364 094 613</u>
<b>Payments</b>			
Employee costs		(154 256 239)	(146 325 690)
Suppliers		(139 898 185)	(159 712 743)
Finance costs		(7 276 198)	(8 943 059)
		<u>(301 430 622)</u>	<u>(314 981 492)</u>
<b>Net cash flows from operating activities</b>	28	<b><u>33 671 346</u></b>	<b><u>49 113 121</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(10 835 991)	(6 418 713)
Proceeds from sale of property, plant and equipment		175 626	251 132
		<u>(10 660 365)</u>	<u>(6 167 581)</u>
<b>Cash flows from financing activities</b>			
Movement in long-term liability		(15 491 853)	(14 127 729)
Finance lease payments		-	(870 121)
		<u>(15 491 853)</u>	<u>(14 997 850)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7 519 128</b>	<b>27 947 690</b>
Cash and cash equivalents at the beginning of the year		226 914 873	198 967 183
<b>Cash and cash equivalents at the end of the year</b>	6	<b><u>234 434 001</u></b>	<b><u>226 914 873</u></b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Transfer of functions between entities not under common control

##### Definitions

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

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

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

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

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

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

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

An asset is identifiable if it either:

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

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

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

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



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

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

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

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

#### The acquisition method

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

Applying the acquisition method requires:

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

#### Identifying the acquirer

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

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

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

#### Determining the acquisition date

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

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

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

##### Recognition principle

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

Recognition conditions:

To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date.

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

Operating leases:

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

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

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

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

Intangible assets:

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

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

At the acquisition date, the municipality as acquirer classifies or designates the identifiable assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequent to the acquisition date. The municipality as acquirer makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions as they exist at the acquisition date.

#### Measurement principle

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

Non-controlling interest in an acquiree:

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

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

Assets with uncertain cash flows (valuation allowances):

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

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

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

#### Exceptions to the recognition principles

Contingent liabilities:

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

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

Employee benefits:

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

Indemnification assets:

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

#### Exceptions to the measurement principle

Reacquired rights:

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

Assets held for sale:

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

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

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

(a) the aggregate of:

- (i) the consideration transferred (if any) measured in accordance with this Standard, which generally requires acquisition-date fair value;
- (ii) the amount of any non-controlling interest in the acquiree measured in accordance with this Standard; and
- (iii) in a transfer of functions achieved in stages, the acquisition-date fair value of the entity as acquirer's previously held equity interest in the acquiree.

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

#### Consideration transferred

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

Contingent consideration:

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

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

#### A transfer of functions achieved in stages

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

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

#### Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the municipality as acquirer reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality as acquirer retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

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

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

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

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

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

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

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

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

(i) the amount by which the binding arrangement is favourable or unfavourable from the perspective of the municipality as acquirer when compared with terms for current market transactions for the same or similar items.

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

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

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

#### Acquisition-related costs:

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

#### Subsequent measurement and accounting

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

#### Reacquired rights

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

#### Contingent liabilities

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

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

#### Indemnification assets

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

#### Contingent consideration

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.4 Transfer of functions between entities under common control

#### Definitions

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

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

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

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

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

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

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

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

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

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

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

#### Identifying the acquirer and transferor

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

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

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

#### Determining the transfer date

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.4 Transfer of functions between entities under common control (continued)

#### Assets acquired [transferred] and liabilities assumed [relinquished]

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

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

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

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

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

- the reasons for the transaction
- the timing of the transaction

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

A pre-existing relationship between the municipality (as acquirer) and the transferor may be contractual or non-contractual. If a transfer of functions in effect settles a pre-existing relationship, the entity (as acquirer) recognises a gain or loss, measured as follows:

- for a pre-existing non-contractual relationship, fair value.
- for a pre-existing contractual relationship, the lesser of the following:
  - the amount by which the binding arrangement is favourable or unfavourable from the perspective of the municipality (as acquirer) when compared with terms for current market transactions for the same or similar items.
  - the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

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

#### Other criteria for the entity (as acquirer)

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.4 Transfer of functions between entities under common control (continued)

#### Accounting by the entity as acquirer

##### Initial recognition and measurement

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

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

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

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

##### Measurement period

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

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

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

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

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

##### Acquisition-related costs

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

##### Subsequent measurement

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



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.4 Transfer of functions between entities under common control (continued)

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

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

#### Accounting by the entity as transferor

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

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

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

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

### 1.5 Mergers

#### Definitions

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

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

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

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

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

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

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

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

#### Identifying the combined entity and combining entities

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.5 Mergers (continued)

#### Determining the merger date

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

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

#### Assets acquired [transferred] and liabilities assumed [derecognised]

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

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

#### Other criteria for the entity (as the combined entity)

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.5 Mergers (continued)

#### Accounting by the entity as the combined entity

##### Initial recognition and measurement

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

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

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

##### Measurement period

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

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

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

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

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

##### Expenditure incurred in relation to the merger

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

##### Subsequent measurement

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.5 Mergers (continued)

- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

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

### Accounting by entity as the combining entity

#### Assets transferred and liabilities de-recognised

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

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

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

### 1.6 Investment property

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

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

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

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

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

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

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

#### Cost model

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

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

Item	Useful life
Property - beach development	25 to 50 years

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.7 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

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

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

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

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

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

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

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

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

Other	Straight line	2 to 22
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Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

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

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

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

### 1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

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

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

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.

# West Coast District Municipality

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### 1.8 Intangible assets (continued)

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:

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Item	Depreciation method	Average useful life
Intangible assets	Straight line	5 years

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Intangible assets are derecognised:

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

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

### 1.9 Financial instruments

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

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

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

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

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.9 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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



# West Coast District Municipality

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### 1.9 Financial instruments (continued)

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

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

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

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

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

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

#### Classification

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

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

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

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

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

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

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

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

# West Coast District Municipality

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## Accounting Policies

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### 1.9 Financial instruments (continued)

#### Initial recognition

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

The municipality recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.9 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

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

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

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

#### Fair value measurement considerations

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

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

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

#### Gains and losses

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

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

#### Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

# West Coast District Municipality

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## Accounting Policies

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### 1.9 Financial instruments (continued)

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.9 Financial instruments (continued)

#### Derecognition

##### Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

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

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

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

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

##### Financial liabilities

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.9 Financial instruments (continued)

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

### 1.10 Value added tax

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

### 1.11 Leases

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

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

#### Finance leases - lessor

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

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

#### Finance leases - lessee

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

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

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

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

#### Operating leases - lessor

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

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

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

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

#### Operating leases - lessee

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.12 Inventory

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

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

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

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

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

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

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

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

When inventory are sold, the carrying amounts of those inventory 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 inventory to net realisable value or current replacement cost and all losses of inventory are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventory, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

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

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

### 1.13 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

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

Useful life is either:

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

#### Identification

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

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

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

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

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

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

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



# West Coast District Municipality

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## Accounting Policies

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

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Cash-generating units

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

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

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

#### Reversal of impairment loss

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

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

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

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

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

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

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

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

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

#### Redesignation

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

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

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

# West Coast District Municipality

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## Accounting Policies

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

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

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

Useful life is either:

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

#### Identification

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

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

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

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

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

#### Redesignation

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

### 1.15 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

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

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

# West Coast District Municipality

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### 1.15 Employee benefits (continued)

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

#### Post-employment benefits

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.15 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# West Coast District Municipality

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### 1.15 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.15 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

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

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. An actuarial valuation was performed and a liability was determined as a result of the actuarial valuation. The actuarial valuation will be revised on an annual basis.

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.15 Employee benefits (continued)

#### Termination benefits

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

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

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

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

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

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

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

### 1.16 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.16 Provisions (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

### 1.17 Revenue from exchange transactions

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

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

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

#### Measurement

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.17 Revenue from exchange transactions (continued)

#### Rendering of services

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

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

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

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

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

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

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

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

#### Interest, royalties and dividends

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

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

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

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

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

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

### 1.18 Revenue from non-exchange transactions

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# West Coast District Municipality

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

#### Recognition

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

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

#### Measurement

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

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

#### Transfers

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

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

#### Fines

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

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

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

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

#### Gifts and donations, including goods in-kind

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

#### Services in-kind

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

### 1.19 Borrowing costs

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

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

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### 1.19 Borrowing costs (continued)

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

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

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.12, 1.13 and 1.14. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

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

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

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

### 1.20 Comparative figures

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

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

The Municipal Regulations on Standard Chart of Accounts (mSCOA) comes into effect on 1 July 2017. The municipality has started with a process during the year to align items in the annual financial statements with the item segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. This is set out in note 27 of the annual financial statements.

### 1.21 Unauthorised expenditure

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

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

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

### 1.22 Fruitless and wasteful expenditure

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

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

# West Coast District Municipality

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## Accounting Policies

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### 1.23 Irregular expenditure

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

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

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

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

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.24 Materiality

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

### 1.25 Contingencies

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

A contingent liability:

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

### 1.26 Capital commitments

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

Disclosures are required in respect of unrecognised capital commitments, which are disclosed in note 34.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met:

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.27 Budget information

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

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

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

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

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Explanations of significant variances greater than ten percent or five hundred thousand rand versus the budget are given in appendix A.

### 1.28 Related parties

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

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

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

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

### 1.29 Accumulated surplus

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

### 1.30 Critical accounting estimates and judgements

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

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

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

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

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



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

Where impairment indicators exist, the determination of the recoverable service amount of a non-cash generating asset requires management to make assumptions to determine the fair value less cost to sell and the value in use based on the depreciated replacement cost model. Key assumptions include the current replacement cost of non-cash generating assets and in certain instances an assumption about the commissioning date which determines the depreciated replacement cost of the non-cash generating assets.

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

### 1.31 Events after reporting date

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

2017

2016

### 2. New standards and interpretations

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

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

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

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

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

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

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

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

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

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

To meet this objective, the Standard:

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

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

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

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

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

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

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

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

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The objective of this Standard is to prescribe the:

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

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

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

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

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

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

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

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

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

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

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

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

#### **Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities**

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

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

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

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

#### GRAP 20: Related parties

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

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

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

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

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

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

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

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

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

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

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

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

### GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

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

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

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

The municipality is unable to reliably estimate the impact of the standard on the annual financial statements.

### 3. Inventory

Consumable Inventory	3 406 339	3 238 984
Water Stock	1 916 775	721 491
	<b>5 323 114</b>	<b>3 960 475</b>

No Inventory was pledge as security.

Inventory to the value of R26 264 was scrapped during the year.

### 4. Other receivables from exchange transactions

Water : Sales	4 033 758	4 715 011
Fire Services : Saldanha and West Coast	337 821	510 151
Operating Leases	222 091	170 978
Other	1 352 787	519 717
Insurance claims	49 268	91 765
Roads receivable	22 698 994	1 457 187
Advance payments : Members fees	1 506 748	1 377 463
Net Balance (Allowance for Impairment)	(13 990)	(69 152)
	<b>30 187 477</b>	<b>8 773 120</b>

### Reconciliation of allowance for impairment

Other receivables from non-exchange transactions	(13 990)	(69 152)
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# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>5. Trade receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	86 135	72 942
Water	3 743 191	3 769 380
Sewerage	14 840	13 385
Other	-	1 573
Housing rental	130 051	123 863
	<b>3 974 217</b>	<b>3 981 143</b>
<b>Less : Allowance for impairment</b>		
Less : Allowance for impairment	(23 578)	(294 152)
<b>Net balance</b>		
Electricity	86 135	72 942
Water	3 743 191	3 769 380
Sewerage	14 840	13 385
Other	-	1 573
Housing rental	130 051	123 863
Net balance (Allowance for impairment)	(23 578)	(294 152)
<b>Net balance</b>	<b>3 950 639</b>	<b>3 686 991</b>
<b>Reconciliation of allowance for impairment (including other receivable from exchange)</b>		
Balance at the beginning of the year	(363 303)	(425 599)
Contributions to provision	-	(281 633)
Debt impairment written off against provision	343 077	386 292
Funds recovered	(17 342)	(42 363)
	<b>(37 568)</b>	<b>(363 303)</b>
<b>Reconciliation of allowance for impairment between trade and other receivables</b>		
Trade receivable from exchange transactions	(23 578)	(294 151)
Other receivables from exchange transactions	(13 990)	(69 152)
	<b>(37 568)</b>	<b>(363 303)</b>
<b>Age analysis per service (net of allowance for impairment) Service Debtors (Water, Electricity, Sewerage and Other)</b>		
Current (0-30 days)	3 588 716	3 576 905
30-60 days	198 418	181 166
61-90 days	39 746	69 498
91-120 days	10 473	15 962
121-365 days	6 813	13 749
	<b>3 844 166</b>	<b>3 857 280</b>
<b>Housing Rental</b>		
Current (0-30 days)	80 542	73 086
31-60 days	31 614	29 852
61-90 days	17 895	20 925
91-120 days	-	-
	<b>130 051</b>	<b>123 863</b>
<b>Summary of debtors age analysis (Trade receivables)</b>		
Current (0-30 days)	3 669 258	3 649 991
31-60 days	230 032	211 018
61-90 days	57 641	90 423

# West Coast District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>5. Trade receivables from exchange transactions (continued)</b>		
91-120 days	10 473	15 962
121-365 days	6 813	13 749
>365 days	-	-
Less : Allowance for impairment	(23 578)	(294 152)
	<b>3 950 639</b>	<b>3 686 991</b>

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash book balances	234 433 551	226 449 174
Short-term investments	-	465 249
Floats	450	450
<b>Total cash and cash equivalents</b>	<b>234 434 001</b>	<b>226 914 873</b>

### 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
First National Bank - Current Account	234 483 144	221 486 233	6 438 919	234 433 551	221 487 899	6 440 039
First National Bank - Current Account	-	4 971 930	739 594	-	4 961 275	719 150
Floats	450	450	450	450	450	450
Short-term investments	-	465 249	191 807 544	-	465 249	191 807 544
<b>Total</b>	<b>234 483 594</b>	<b>226 923 862</b>	<b>198 986 507</b>	<b>234 434 001</b>	<b>226 914 873</b>	<b>198 967 183</b>

### Summary of short term investments per different account held

First National Bank - Call Account	-	465 249
Average Rate of return on Investments	3.79%	2.78%

### 7. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5 508 050	(935 768)	4 572 282	5 508 050	(902 558)	4 605 492
Fair value of investment properties				13 677 360		13 677 360

### Pledged as security

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

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

Rental revenue from investment property was R3 502 943 (2016 : R3 035 663) as disclosed in the Statement of Financial Performance.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 8. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	26 179 622	-	26 179 622	26 179 622	-	26 179 622
Buildings	57 544 834	(23 254 747)	34 290 087	57 138 805	(20 642 363)	36 496 442
Infrastructure	323 075 084	(79 595 132)	243 479 952	319 322 092	(73 114 055)	246 208 037
Other	64 168 461	(44 330 549)	19 837 912	60 548 936	(41 479 752)	19 069 184
<b>Total</b>	<b>470 968 001</b>	<b>(147 180 428)</b>	<b>323 787 573</b>	<b>463 189 455</b>	<b>(135 236 170)</b>	<b>327 953 285</b>

#### Pledged as security

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

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

#### Assets to be sold

The Standards of GRAP requires the municipality to disclose in the financial statements information about significant assets and groups of assets and liabilities, or components that will be disposed of in future reporting periods.

At the reporting date management has made a decision to dispose of certain assets within the next 12 months. These assets will be sold in an exchange transaction. The assets information are as follows:

#### Property, plant and equipment (Other Assets) (Carrying amount)

Furniture and Fittings	11 204	-
Motor Vehicles	4 367	-
Office Equipment	2 916	-
Plant and Equipment	16 267	-
	<b>34 754</b>	<b>-</b>

### 9. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	3 271 757	(2 751 394)	520 363	3 303 007	(2 274 104)	1 028 903

#### Pledged as security

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

#### Other information

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>10. Trade payable from exchange transactions</b>		
Sundry creditors	1 970 976	4 653 422
Payments received in advanced - contract in process	548 836	57 601
Accrued leave pay	8 538 982	8 442 277
Retentions	131 497	386 288
Trade payables	3 859 290	3 417 167
Deferred operating lease payments	6 274	9 662
	<b>15 055 855</b>	<b>16 966 417</b>

### 11. VAT payable

VAT 201 return as at 30 June	530 171	453 272
VAT Output payable from debtors	554 656	464 194
	<b>1 084 827</b>	<b>917 466</b>

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

### 12. Unspent conditional grants and receipts

See note 20 for detailed reconciliation of grants.

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

#### Unspent conditional grants and receipts comprises of :

Western Cape Financial Management Grant (MSCOA)	142 164	158 423
Municipal Systems Improvement Grant	-	142 711
Western Cape Financial Management Grant (IDP & Internship)	858 248	650 000
Working for Water	139 672	118 739
Greenest Municipality Competition	25 275	-
Capacity Building Health	-	128 593
Local Government Graduate Internship Grant	92 888	-
Install Rainwater Tanks	-	54 886
Rural Roads Management	443 720	219 733
Donations Mayor	10 617	10 751
	<b>1 712 584</b>	<b>1 483 836</b>

### 13. Employee Benefits

#### Reconciliation of short-term portion of employee benefits - 2017

	Opening Balance	Additions	Utilised during the year	Total
Short-term portion of Medical aid Benefits	2 904 000	3 435 329	(2 904 000)	3 435 329
Short-term portion of Long Service Awards	503 000	946 643	(503 000)	946 643
Short-term portion of Performance Bonus	280 938	198 239	(280 938)	198 239
Short-term portion of Bonus	3 688 131	4 546 079	(4 089 330)	4 144 880
	<b>7 376 069</b>	<b>9 126 290</b>	<b>(7 777 268)</b>	<b>8 725 091</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 13. Employee Benefits (continued)

Reconciliation of short-term portion of employee benefits - 2016	Opening Balance	Additions	Utilised during the year	Total
Short-term portion of Medical aid Benefits	3 233 000	2 904 000	(3 233 000)	2 904 000
Short-term portion of Long Service Awards	547 000	503 000	(547 000)	503 000
Short-term portion of Performance Bonus	262 559	280 938	(262 559)	280 938
Short-term portion of Bonus	3 491 475	3 754 151	(3 557 495)	3 688 131
	<b>7 534 034</b>	<b>7 442 089</b>	<b>(7 600 054)</b>	<b>7 376 069</b>

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

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

Refer to disclosure note 16 (Long Service Award) and note 15 (Medical Aid Benefits) for detail disclosure.

### 14. Long term liabilities

Local Registered Stock Loans	57 246 151	72 738 004
Less : Current portion transferred to current liabilities	(17 003 568)	(15 492 689)
	<b>40 242 583</b>	<b>57 245 315</b>

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

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

The municipality has a unsecured external loan at the Development Bank of South Africa at a fixed rate of 6.75% and 13.38%. The redeemable date of the loan is 30 June 2020. The loan is redeemed on a half-yearly basis. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Provisions Department.

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

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

### 15. Medical aid benefits

#### Defined benefit plan

The most recent actuarial valuations of the present value of the obligation were carried out at 30 June 2017 by ARCH Actuarial Consulting.

Defined benefit plan	65 912 238	66 324 000
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# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>15. Medical aid benefits (continued)</b>		
<b>Change in Liability</b>		
Opening Balance	63 420 000	57 826 000
Service Cost	2 822 000	2 260 000
Interest Cost	6 701 000	5 550 000
Recognised actuarial (gains) loss	(6 093 504)	16 852
Benefits Paid	(2 588 289)	(2 561 852)
Current portion transferred to current liability	(531 329)	329 000
Inclusion of minimum service conditions	(1 252 969)	-
	<b>62 476 909</b>	<b>63 420 000</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	2 822 000	2 260 000
Interest cost	6 701 000	5 550 000
Actuarial (gains) losses	(6 093 504)	16 851
<b>Total included in employee related costs</b>	<b>3 429 496</b>	<b>7 826 851</b>
<b>Unrecognised actuarial gains and losses</b>		
Corridor Maximum	(6 093 504)	16 852
New gains / (losses)	6 093 504	(16 852)
	-	-
<b>Changes in the fair value of plan assets are as follows:</b>		
Opening balance	2 904 000	3 233 000
Contributions by employer	531 329	(329 000)
<b>Closing balance</b>	<b>3 435 329</b>	<b>2 904 000</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 15. Medical aid benefits (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rate	9,44 %	10,33 %
Health care cost inflation rate	7,74 %	9,32 %
Net discount rate	1,58 %	0,92 %

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. The assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 75% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

Pre-retirement mortality - SA85-90 ultimate table, adjusted for female lives.

Post-retirement mortality - PA(90) ultimate table.

The basis on which the discount rate has been determined is as follows: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a 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 longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.44% per annum has been used. The corresponding index-linked yield at this term is 2.54%. These rates do not reflect any adjustment for taxation. These rates were deducted from the yield curve obtained from the Johannesburg Stock Exchange after the market close on 30 June 2017. These rates are calculated by using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the bond yield curve at that component's duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

The basis on which the health care cost inflation rate has been determined is as follows: This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical cost (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 7.74% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.24%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.58% which derives from  $((1+9.44\%)/(1+7.74\%))-1$ .

The expected inflation assumption of 6.24% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (2.54%) and those of fixed interest bonds (9.44%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as  $((1+9.44%-0.50\%)/(1+2.54\%))-1$ . The next contribution increase was assumed to occur with effect from 1 January 2018.

**Withdrawal from service** - If an in-service member leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates.

**Average Retirement Age** - 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 ill-health, early and late retirement.

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

**Family Profile** - It has been assumed that female spouses will be five years younger than their male counterparts. Further, we've assumed that 90% of eligible employees on a health care arrangement at retirement will have an adult dependant. For current retiree members, actual marital status was used and the potential for remarriage was ignored.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 15. Medical aid benefits (continued)

**In-service Non-members** - It is recognised that a liability may exist in respect of employees who have not joined a medical aid scheme, but are entitled to this benefit and may join in the future. It was assumed that these employees will not join a medical aid scheme.

**Medical Scheme Option** - It has been assumed that continuation members will remain on the same medical scheme and option. In-service members are assumed to remain on the same medical scheme and option, should they continue to receive the subsidy after retirement.

#### Sensitivity Analysis

The liability at the Valuation Date was recalculated to show the effect of:

- A 1% increase and decrease in the assumed rate of health care cost inflation;
- A 1% increase and decrease in the discount rate;
- A one-year age reduction in the assumed rates of post-retirement mortality;
- A one-year decrease in the assumed average retirement age; and
- A 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

#### Sensitivity Analysis on the Accrued Liability

	In service	Continuation	Total
Central Assumptions	28 273 000	37 639 000	65 912 000
Health care inflation (+1%)	34 677 000	41 091 000	75 768 000
Health care inflation (-1%)	23 272 000	34 628 000	57 900 000
Discount rate (+1%)	23 380 000	34 697 000	58 077 000
Discount rate (-1%)	34 630 000	41 067 000	75 697 000
Post-retirement mortality (-1 yr)	29 200 000	39 211 000	68 411 000
Average retirement age (-1 yr)	30 430 000	37 639 000	68 069 000
Continuation of membership at retirement (-10%)	25 446 000	37 639 000	63 085 000
	-	-	-

#### Sensitivity Analysis on Current-service and Interest costs

	Current- service Cost	Interest Cost	Total
Central Assumption	2 822 000	6 701 000	9 523 000
Health care inflation (+1%)	3 533 000	7 792 000	11 325 000
Health care inflation (-1%)	2 278 000	5 819 000	8 097 000
Post-retirement mortality (-2 yr)	3 021 000	7 248 000	10 269 000
	-	-	-

#### Other assumptions

It was assumed that the health care arrangements and policy would remain unchanged. It was assumed that the level of benefits receivable, and the contributions payable in respect of such, would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 15. Medical aid benefits (continued)

#### Employee benefit - Roads receivable

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

#### Employee benefit - Roads receivable

Opening balance	19 872 675	16 315 000
Current service cost	705 692	767 000
Interest cost	1 964 686	1 499 000
Expected benefits paid	(1 127 972)	(674 000)
Actuarial (loss) / gain	(526 821)	1 965 675
Inclusion of minimum service condition	(329 927)	-
	<b>20 558 333</b>	<b>19 872 675</b>

#### Statement of Financial Position

Employee benefits - Roads receivable (Current Assets)	1 196 396	1 127 968
Employee benefits - Roads receivable (Non-current Assets)	19 361 937	18 744 707
	<b>20 558 333</b>	<b>19 872 675</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>16. Long-term portion of Long Service Awards</b>		
<b>Long Service Awards</b>		
Provision for Long Service Awards	8 227 380	7 963 000
Less : Transferred to Current Provision	(946 643)	(503 000)
<b>Net Long Service Awards liability</b>	<b>7 280 737</b>	<b>7 460 000</b>

A long service award is granted to municipal employees after the completion of fixed periods of continuous service with the municipality. The provision represents an estimation of the awards to which employees in the service of the municipality at 30 June 2017 become entitled to in future, based on a actuarial valuation performed at that date.

An actuarial valuation of the present value of the obligation at 30 June 2017 was done by ARCH Actuarial Consulting.

The future service cost for ensuring year is established to be R631 000 whereas the interest-cost for the next year is estimated to be R730 274.

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

- Discount Rate - 8.54%
- General Salary Inflation (long-term) - 6.36%
- Net Effective Discount Rate - 2.05%
- Mortality - SA85-90
- Normal retirement age - 63

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

	Active Employees	Salaries Weighted Average Age (years)	Weighted Average Past Service (years)
All employees	508	44	11

### 2016 - Details of employees eligible for long service awards are detailed below

	Active Employees	Salaries Weighted Average Age (years)	Weighted Average Past Service (years)
All employees	495	41	9

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

Present value of fund obligations	8 227 380	7 963 000
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The amount recognised in the Statement of Financial Performance are as follows :

Current service costs	631 000	661 000
Interest costs	733 000	688 000
Actuarial (gain)/loss on the obligation	(596 620)	(364 355)
	<b>767 380</b>	<b>984 645</b>

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

Balance at the beginning of the year	7 963 000	7 466 000
Current service costs	631 000	661 000
Interest costs	733 000	688 000
Benefits paid	(397 065)	(487 645)
Actuarial (gain)/loss on the obligation	(702 555)	(364 355)
	<b>8 227 380</b>	<b>7 963 000</b>

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

# West Coast District Municipality

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### 16. Long-term portion of Long Service Awards (continued)

The total liability has increased by 3% (or R264 380) due to the above, combined with the fact that there are 13 more eligible employees than at the last valuation.

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

#### Employer's accrued liability

	<b>-1% Withdrawal rate</b>	<b>Valuation Assumption</b>	<b>+1% Withdrawal rate</b>
General salary inflation	7 689 000	8 227 380	8 829 000
Discount rate	8 860 000	8 227 380	7 672 000
	<b>16 549 000</b>	<b>16 454 760</b>	<b>16 501 000</b>

#### Employer's expense cost

	<b>-1% Withdrawal rate</b>	<b>Valuation Assumption</b>	<b>+1% Withdrawal rate</b>
General salary inflation	1 253 000	1 364 000	1 492 000

### 17. Accumulated surplus

Balance as at 1 July	426 434 022	405 058 602
Net gain / loss for the period	37 670 238	21 375 420
Correction of an error - Note 27	343 291	-
	<b>464 447 551</b>	<b>426 434 022</b>

### 18. Service charges

Fire fighting services	737 451	326 158
Sale of electricity	678 378	541 153
Sale of water	112 758 868	112 891 501
Sewerage and sanitation charges	145 919	116 213
	<b>114 320 616</b>	<b>113 875 025</b>

### 19. Other revenue

#### Non-exchange transactions

Sundry overpayments	391 138	53 382
Interest on debtors	32 504	56 804
Other income	504 034	547 620
Insurance refunds	697 729	-
	<b>1 625 405</b>	<b>657 806</b>

#### Exchange transactions

Rent	1 216 087	1 229 886
Water Services	83 282	13 251
Fire Services (Saldanha)	3 990 870	3 488 844
	<b>5 290 239</b>	<b>4 731 981</b>

### 20. Unspent conditional grants and subsidies

The following grants and subsidies were received and recognised :

# West Coast District Municipality

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## Notes to the Annual Financial Statements

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<b>20. Unspent conditional grants and subsidies (continued)</b>		
Western Cape Financial Management Grant (Risk & MSCOA)	236 260	551 363
Local Government Graduate Internship Grant	87 112	-
Western Cape Financial Management Grant (IDP)	507 542	-
Western Cape Financial Management Grant (Internship)	184 211	-
RSC Levy Replacement Grant (Equitable Share)	68 270 000	66 398 000
Equitable Share	13 924 000	14 060 000
MSIG	142 711	787 289
Financial Management Grant	1 250 000	1 250 000
EPWP	1 036 000	1 000 000
Donations Mayor	170 401	336 714
Greenest Municipality Competition	24 725	-
Capacity Building Health Services	128 593	51 407
Install Rainwater Tanks	54 886	443 682
Rural Roads Management	1 980 280	2 199 267
Working for Water	979 063	637 968
Other Government Grants and Subsidies : Less VAT on administration charge	(58 677)	411 548
	<b>88 917 107</b>	<b>88 127 238</b>
<b>20.1) MSIG</b>		
Balance unspent at the beginning of the year	142 711	-
Current year receipts	-	930 000
Current year interest	-	-
Conditions met - transferred to revenue	(142 711)	(787 289)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>142 711</b>
Strategic Objective - Good governance and financial viability.		
The purpose of the grant was to provide infrastructure for the implementation of mSCOA (Municipal Standard Chart of Accounts).		
<b>20.2) Financial Management Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	1 250 000	1 250 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
Strategic Objective - Good governance and financial viability.		
The purpose of the grant was to support the training of municipal officials in financial management, the appointment of interns and the acquisition, upgrade and maintenance of financial management systems.		
<b>20.3) Western Cape Financial Management Grant (Risk &amp; MSCOA)</b>		
Balance unspent at the beginning of the year	158 424	359 787
Current year receipts	220 000	350 000
Current year interest	-	-
Conditions met - transferred to revenue	(236 260)	(551 363)
<b>Conditions still to be met - transferred to liabilities</b>	<b>142 164</b>	<b>158 424</b>
Strategic Objective - Good governance and financial viability.		
The purpose of the grant is to provide shared risk management services within the West Coast District area.		

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>20. Unspent conditional grants and subsidies (continued)</b>		
<b>20.4) Donations Mayor</b>		
Balance unspent at the beginning of the year	10 750	6 182
Current year receipts	170 268	341 282
Current year interest	-	-
Conditions met - transferred to revenue	(170 401)	(336 714)
<b>Conditions still to be met - transferred to liabilities</b>	<b>10 617</b>	<b>10 750</b>
<b>20.5) EPWP Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	1 036 000	1 000 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 036 000)	(1 000 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
Strategic Objective - Environmental Integrity.		
The purpose of the grant was for community safety, sustainable land-based livelihoods, development and maintenance of buildings, health, roads and stormwater systems development and maintenance and other social sector projects.		
<b>20.6) Working for Water</b>		
Balance unspent at the beginning of the year	118 739	-
Current year receipts	999 999	756 707
Current year interest	-	-
Conditions met - transferred to revenue	(979 065)	(637 968)
<b>Conditions still to be met - transferred to liabilities</b>	<b>139 673</b>	<b>118 739</b>
Strategic Objective - Environmental Integrity.		
The purpose of the grant was to clean-up water sensitive areas within the West Coast District.		
<b>20.7) Western Cape Financial Management Grant (IDP &amp; Internship)</b>		
Balance unspent at the beginning of the year	650 000	-
Current year receipts	900 000	650 000
Current year interest	-	-
Conditions met - transferred to revenue	(691 753)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>858 247</b>	<b>650 000</b>
Strategic Objective - Good governance and financial viability.		
The purpose of the grant is to support the internship program as well as strategic services within the West Coast District Area.		
<b>20.8) Capacity Building Health Services</b>		
Balance unspent at the beginning of the year	128 593	-
Current year receipts	-	180 000
Current year interest	-	-
Conditions met - transferred to revenue	(128 593)	(51 407)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>128 593</b>

Strategic Objective - Environmental Integrity.

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>20. Unspent conditional grants and subsidies (continued)</b>		
<b>20.9) Install Rainwater Tanks</b>		
Balance unspent at the beginning of the year	54 886	-
Current year receipts	-	498 568
Current year interest	-	-
Conditions met - transferred to revenue	(54 886)	(443 682)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>54 886</b>
Strategic Objective - Environmental Integrity.		
The purpose of this grant is to provide a sustainable water supply for food gardens and reduce consumption of water resources due to drought conditions experienced within the West Coast Area.		
<b>20.10) Rural Roads Management</b>		
Balance unspent at the beginning of the year	219 733	-
Current year receipts	2 424 000	2 419 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 980 280)	(2 199 267)
Transfer to National Treasury	(219 733)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>443 720</b>	<b>219 733</b>
Strategic Objective - Essencial bulk services.		
The purpose of the grant is to develop a rural roads management plan within the West Coast District.		
<b>20.11) Greenest Municipality Competition</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	50 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(24 725)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>25 275</b>	<b>-</b>
Strategic Objective - Environmental Integrity		
The was used to buy computer equipment within the Corporate and Community Services Department.		
<b>20.12) Local Government Graduate Internship Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	180 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(87 112)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>92 888</b>	<b>-</b>
Strategic Objective - Good Governance and Financial Viability		
The purpose of the grant is to assist the graduate internship programe within the West Coast District.		
<b>Unspent conditional grants and receipts</b>		
PAWC and State Funds : Various Projects (See note 12)	1 712 584	1 483 836

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>21. Employee related costs</b>		
Employee related costs - Salaries and Wages	89 064 272	83 884 075
Employee related costs - Contributions for UIF, pensions and medical aids	22 310 568	19 810 809
Bonus paid	4 273 798	1 761 052
Bonus paid (Roads)	2 794 570	824 550
Travel, motor car, accommodation, subsistence and other allowances	9 984 535	9 747 632
Other payroll levies	3 266 127	2 876 824
Overtime payments	8 773 979	7 221 964
Contributions to Employee Benefits	8 421 552	11 602 092
Leave accrual	834 760	1 687 324
Special allowances	4 617 490	5 293 107
Housing benefits and allowances	1 245 240	1 252 239
	<b>155 586 891</b>	<b>145 961 668</b>
<b>Remuneration of municipal manager (This expense forms part of Employee related costs)</b>		
Annual Remuneration	1 696 936	1 555 775
Car Allowance	246 143	195 576
Performance Bonuses	44 366	84 696
Contributions to UIF, Medical and Pension Funds	46 472	60 983
Telephone Allowance	20 184	15 984
Other	72 042	1 000
	<b>2 126 143</b>	<b>1 914 014</b>
<b>Remuneration of chief financial officer (This expense forms part of Employee related costs)</b>		
Annual Remuneration	970 851	1 017 167
Car Allowance	64 085	26 877
Performance Bonuses	34 990	59 287
Contributions to UIF, Medical and Pension Funds	222 749	235 526
Telephone Allowance	20 184	15 984
Other	150 348	750
	<b>1 463 207</b>	<b>1 355 591</b>
<b>Remuneration of individual executive directors - Technical Services (This expense forms part of Employee related costs)</b>		
Annual Remuneration	1 176 550	1 103 152
Car Allowance	156 811	120 000
Performance Bonuses	47 576	59 287
Contributions to UIF, Medical and Pension Funds	48 236	61 120
Telephone Allowance	20 184	15 984
Other	11 882	-
	<b>1 461 239</b>	<b>1 359 543</b>
<b>Remuneration of individual executive directors - Corporate and Community Services (This expense forms part of Employee related costs)</b>		
Annual Remuneration	931 096	974 045
Car Allowance	145 125	120 000
Performance Bonuses	33 391	59 287
Contributions to UIF, Medical and Pension Funds	169 381	186 409
Telephone Allowance	20 184	15 984
Other	18 355	-
	<b>1 317 532</b>	<b>1 355 725</b>



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand 2017 2016

### 22. Remuneration of councillors

#### In-kind benefits

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

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

#### Certification by the Municipal Manager

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

Executive Mayor	840 242	646 044
Deputy Executive Mayor	711 284	711 640
Mayoral Committee Members	1 600 111	2 408 426
Speaker	691 065	421 908
Councillors and Secretarial support	1 626 243	1 690 619
Councillors pension contribution	223 615	273 978
	<b>5 692 560</b>	<b>6 152 615</b>

### 23. Materials and supplies - Inventory Consumed

Materials and supplies	42 918 883	46 971 912
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### 24. Finance costs

Long term liabilities	7 276 198	8 919 839
Finance leases	-	23 220
	<b>7 276 198</b>	<b>8 943 059</b>

### 25. Bulk purchases

Water	11 524 754	10 682 893
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# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>26. General expenses</b>		
Advertising	574 682	491 558
Assessment rates & municipal charges	1 258 316	387 753
Auditors remuneration	3 016 780	2 910 262
Water tanks	-	422 554
Computer expenses	2 178 666	898 858
Consulting and professional fees	3 849 055	2 653 805
Insurance	444 796	709 484
Rental offices	535 706	264 619
Water demand management	45 932	115 404
Lease rental on operating lease	181 537	505 417
Contribution to free municipal services	626 071	726 949
Fuel and oil	12 923 583	12 044 977
Placement fees	-	1
Printing and stationary	555 488	970 951
Security (Guarding of municipal property)	461 360	337 890
Subscriptions and membership fees	1 449 614	557 108
Telephone and fax	1 512 547	1 538 787
Transport and freight	28 050	692 492
Training	748 996	1 161 689
Travel -local (subsistence allowance)	3 229 746	1 701 293
Electricity	20 640 586	21 144 455
Water	748 731	154 207
Water and milk samples	9 629	358 537
Uniforms	1 860 217	724 503
Exhibitions	329 373	327 864
Contributions and grants	160 175	296 758
Professional services (Water services)	808 712	1 050 637
Operational Cost	4 150 170	29 892 202
Other operating expenses	8 390 117	5 975 297
	<b>70 718 635</b>	<b>89 016 311</b>

### 27. Prior period errors

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand 2017 2016

### 27. Prior period errors (continued)

	<b>Adjustment 2017</b>
General Expenses - Traveling cost was refunded by an employee. Receipt number 298015.	150
Bad Debt Allowance was reversed during this financial year.	343 291
Payments reversed during this financial year, ACB number 181894 and 52670.	545
Government grants & subsidies - Capital contribution made by Saldanhabay Municipality was refunded in this financial year.	(496 263)
General Expenses - Inventory incorrectly expensed.	387 168
Leave provision was corrected during this financial year.	71 304
Employee benefit - roads receivable was corrected during this financial year. Roads employees was omitted from the previous year's Actuarial valuation.	7 468 675
Land owned by the municipality was recognised during this financial year.	3 161 775
The municipality corrected VAT not claimed from SARS during this financial year.	(201 124)
	<b>10 735 521</b>

### Statement of Financial Performance

	Balance before adjustment	Adjustment	Balance after adjustment
Government grants & subsidies	88 623 500	(496 263)	88 127 237
Actuarial gain on road receivable	-	1 965 675	1 965 675
Employee related costs	(146 032 972)	71 304	(145 961 668)
General expenses	(66 830 397)	387 318	(66 443 079)
Actuarial loss on road receivable	(5 503 000)	5 503 000	-
	<b>(129 742 869)</b>	<b>7 431 034</b>	<b>(122 311 835)</b>

### General expenses - Note 26

	Balance before adjustment	Prior period error	Reclassified	Balance after adjustment
Travel - local (subsistence allowance)	(1 701 443)	150	-	(1 701 293)
Other operating expenses	(6 111 165)	387 168	(251 300)	(5 975 297)
Insurance	(397 286)	-	(312 198)	(709 484)
Motor vehicle expense	(312 198)	-	312 198	-
Sundry expenses	(11 860)	-	11 860	-
Interest transfer	(239 440)	-	239 440	-
	<b>(8 773 392)</b>	<b>387 318</b>	<b>-</b>	<b>(8 386 074)</b>

### Statement of Financial Position

	Opening balance before adjustment	Adjustment	Balance after adjustment
Current Asset - Employee benefit - roads receivable	607 000	520 968	1 127 968
Non-Current Asset - Employee benefit - roads receivable	11 797 000	6 947 707	18 744 707
Trade payables from exchange transactions	(16 470 304)	(496 113)	(16 966 417)
Employee benefits	(7 447 376)	71 307	(7 376 069)
Property, plant and equipment	324 791 510	3 161 775	327 953 285
	<b>313 277 830</b>	<b>10 205 644</b>	<b>323 483 474</b>

### Accumulated Surplus

	Opening balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June	415 841 212	10 592 810	426 434 022

### Repairs and maintenance (Previously Reported)

Finance and Administration	-	114 177
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# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>27. Prior period errors (continued)</b>		
Health	-	18 154
Community and Social Services	-	334 438
Housing	-	638 332
Public Safety	-	1 630 469
Road Transport	-	74 987 935
Water Services	-	4 416 763
	-	<b>82 140 268</b>

### Repairs and Maintenance (Reclassified - 30 June 2016)

Operational Cost	-	29 892 202
Transfers and Subsidies	-	932 958
Inventory Consumed	-	41 843 693
Contractors	-	9 471 415
	-	<b>82 140 268</b>

Repairs and maintenance was reclassified from general expenditure in accordance with amendments to GRAP 17, paragraph 88 and 89 and the new Municipal Standard Chart of Accounts (mSCOA) during this financial year.

### Reclassification of General Expenses - 30 June 2016

	Balance before adjustment	Reclassified	Balance after adjustment
Study - rural roads	2 190 751	(2 190 751)	-
Chemicals	5 128 219	(5 128 219)	-
Materials and supplies - Inventory consumed	-	5 128 219	5 128 219
Contractors	-	2 190 751	2 190 751
	<b>7 318 970</b>	-	<b>7 318 970</b>

The above expenditure was reclassified to comply with the Municipal Standard Chart of accounts (mSCOA) during this financial year.

### 28. Cash generated from operations

Surplus	37 670 238	21 375 420
<b>Adjustments for:</b>		
Depreciation and amortisation	14 254 279	13 597 719
Loss on PPE	1 144 955	20 284 889
Impairment of receivables from non-exchange transactions	-	281 633
Roads receivable - Employee benefits	6 256 196	(3 557 675)
Donated Assets - Other Assets	-	(20 987)
Correction of error : Refer to Note 27	201 124	-
Provisions	5 304 077	-
<b>Changes in working capital:</b>		
Inventory	(1 362 639)	(764 249)
Trade receivables from exchange transactions	277 500	5 685 739
Other trade receivables from exchange transactions	(22 816 371)	(2 484 510)
Trade payables from exchange transactions	(1 625 076)	(11 213 456)
VAT	167 361	(1 237 611)
Unspent conditional grants and subsidies	228 748	1 117 867
Employee benefits	(6 293 426)	5 507 342
Long Service Awards	264 380	541 000
	<b>33 671 346</b>	<b>49 113 121</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>29. Utilisation of Long-term liabilities reconciliation</b>		
Long-term liabilities (see Note 14)	57 246 151	72 738 004
Used to finance property, plant and equipment	(57 246 151)	(72 738 004)
Cash set aside for the repayment of long-term liabilities	17 003 568	15 492 689
	<b>17 003 568</b>	<b>15 492 689</b>
<p>Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.</p>		
<b>30. Unauthorised expenditure</b>		
Reconciliation of Unauthorised expenditure	-	-
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
<b>Unauthorised expenditure awaiting authorisation</b>	<b>-</b>	<b>-</b>
<b>31. Fruitless and wasteful expenditure</b>		
Reconciliation of Fruitless and wasteful expenditure	-	-
Opening Balance	-	9 215
Fruitless and wasteful expenditure current year	21 366	-
Condoned or written off by Council	(21 366)	(9 215)
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>-</b>	<b>-</b>
<p>Internal audit was requested to conduct an investigation on tenders not awarded within the 90 day period after the advertisement date. Reasonable steps were taken by management to address the control deficiency and the responsible official / s were held accountable for any loss incurred by the municipality. Two incidents were identified as follows:</p>		
Incident 1 - WDM 24/2016 - Hiring of construction plant, personnel, mobile crushing equipment and fencing works.	13 735	-
Incident 2 - WDM 32/2016 - Supply and delivery of G5 sub-base material for upgrading, rehabilitation and maintenance works.	7 631	-
	<b>21 366</b>	<b>-</b>
<b>32. Irregular expenditure</b>		
Opening balance	77 295	12 351 346
Add: Irregular Expenditure - current year	-	21 042 205
Less: Amounts condoned	(77 295)	(33 316 256)
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	<b>-</b>	<b>77 295</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>32. Irregular expenditure (continued)</b>		
<b>Details of Irregular expenditure - 2016</b>		
Prior years	-	-
Incident 1 - The Auditor General in 2014/15 identified that a bid with a transaction value over R10 million (VAT included) and of a long term in nature was not advertised for a minimum period of 30 days. The municipality transacted on this tender while the audit was in progress (1 July 2015 to 30 November 2015). All commitments was made after 30 November 2015. Disciplinary steps was taken by the municipality and the employee was sanctioned with a written warning valid for six months,	-	20 964 910
Incident 2 - The municipality did not comply with Section 16 (a) of the Municipal Supply Chain Management Regulations that states quotations must be obtained from at least three different service providers. The municipality did not obtain quotes from travel agencies for the booking of international flight tickets. The municipality only obtained quotes for the booking of domestic flights,	-	17 000
Incident 3 - The municipality did not fully comply with section 32 of the Municipal Supply Chain Management Regulations that allows for the procurement of goods and services from the municipality or municipal entity under a contract secured by another organ of state. The municipality did not have 3 of the 25 preferred suppliers on its supplier database,	-	60 295
	<b>-</b>	<b>21 042 205</b>
	-	-
<b>33. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>33.1) Contributions to organised local government</b>		
Opening balance	-	-
Current year subscription / fee	1 377 464	434 566
Amount paid - current year	(1 377 464)	(434 566)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>33.2) Audit fees</b>		
Opening balance	-	-
Current year subscription / fee	3 016 780	2 910 262
Amount paid - current year	(3 016 780)	(2 910 262)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>33.3) PAYE and UIF</b>		
Opening balance	-	-
Current year subscription / fee	22 977 743	18 192 539
Amount paid - current year	(22 977 743)	(18 192 539)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>33.4) Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year subscription / fee	21 814 499	19 164 258
Amount paid - current year	(21 814 499)	(19 164 258)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

#### 33.5) VAT

VAT payable

- -

VAT receivables and VAT payables are disclosed in Note 11.

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

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

30 June 2017

Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
-	-	-

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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

#### 33.7) Non-compliance to laws and regulations

In terms of section 28 (1) of the Local Government : Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager the performance of the employee in relation to his or her performance agreement must be reviewed understanding that reviews in the first and third quarter may be verbal if performance is satisfactory. The report was submitted after the deadline.

In terms of section 34 (3) of the Local Government : Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager the performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within 14 days after the conclusion of the assessment. Two reports was submitted after the deadline.

In terms of section 14 (4)(a)(iii) of the Local Government : Municipal Planning and performance Management regulations the municipal manager must submit the Section 72 mid - year performance report to the Performance Audit Committee. The report was submitted after the deadline.

In terms of section 14 (4)(a)(iii) of the Local Government : Municipal Planning and performance Management regulations the performance audit committee must at least twice during a financial year submit an audit report to the municipal council. The report was submitted after the deadline.

In terms of section 13 (4)(c) of the Local Government : Municipal Planning and Performance Management Regulations the Municipality must after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance indicators and performance targets set by it. The community must participate in the review process. This was done after the deadline.

In terms of section 31 (1)(c) of the Municipal Budget and Reporting Regulations the mayor must quarterly report on the implementation of the budget and the financial state of affairs of the municipality as required by section 52 (d) of the Act. Must submit to the National Treasury and the relevant Provincial Treasury within five days of the tabling of the report in the council. Two reports was submitted after the deadline.

In terms of section 75 (1)(k) of the Local Government : Municipal Finance Management Act the accounting officer of a municipality must place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality : all quarterly reports tabled in the council in terms of section 52 (d). Two reports was placed on the website after the deadline.

In terms of section 17 (2) of the Municipal Supply Chain Management Regulations a designated official referred to in subsection (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subsection. Four reports was submitted after the deadline.

In terms of section 5 (4) of the Municipal Supply Chain Management Regulations an official or bid adjudication committee to which the power to make final awards has been subdelegated in accordance with subregulation (2) must within five days of the end of each month submit to the official referred to in subsection (4) a written report containing particulars of each final award made by such official or committee during the month. The report was submitted after the deadline.

In terms of section 6 (3) of the Municipal Supply Chain Management Regulations the accounting officer must, within 10 days of the end of each quarter submit a report on the implementation of the supply chain management policy to the mayor of the municipality or board of directors of the municipal entity. The report was submitted after the deadline.

In terms of section 5 (3) of the Municipal Supply Chain Management Regulations a written report referred to in subsection 3 must be submitted to the accounting officer, in the case of an award by the chief financial officer; senior manager; or a bid adjudication committee of which the chief financial officer or the senior manager is a member; or to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by a manager referred to in subsection (2)(c)(iii); or a bid adjudication committee of which the chief financial officer or a senior manager is not a member. Two reports was submitted after the deadline.

In terms of section 11 (4) (a) of the Local Government : Municipal Finance Management Act the accounting officer must within 30 days after the end of each quarter table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that quarter. The report was submitted after the deadline.



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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2016

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

In terms of section 23 (5) of the Local Government : Municipal Finance Management Act an adjustment budget referred to in section 28 (2) (e) of the Act may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the municipal council by 25 August of the financial year following the financial year to which the roll-overs relate. The new elected council meeting was held on 1 September 2016.

### 34. Capital Commitments

#### Authorised capital expenditure

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

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

### 35. Retirement Benefit Information

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

Cape Joint Pension Fund	202 983	288 280
Cape Joint Retirement Fund	22 177 407	19 889 258
Councillors Pension Fund	35 698	460 524
	<b>22 416 088</b>	<b>20 638 062</b>

Cape Joint Pension fund, which is a defined multi - employer contribution fund. Contribution ratio employees 9% and Council 18%. Contribution ratio for Councillors 12% and Council 15% from September 2016 to March 2017 and 9% and 18% from April 2017 to June 2017.

Councillors of the West Coast District Municipality was members of the Municipal Councillors Pension Fund in July and August 2016, which is a defined contribution plan. Contribution ratio, Councillors 13.75% and Council 15%.

Multy employer funds are treated as defined contribution funds.

# West Coast District Municipality

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### 36. Related parties

#### Relationships

The following related parties exist :

Government Departments

National Treasury  
Provincial Treasury  
Department of Water Affairs and Forestry  
H F Prins (Municipal Manager)

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

J Koekemoer (Chief Financial Officer)  
M Markus (Director : Corporate and Community Services)  
H Matthee (Director : Technical Services)  
Cllr. J H Cleophas (Executive Mayor)  
Cllr R W Strydom (Deputy Executive Mayor)  
Cllr. R E Swarts (Speaker)  
Cllr. J Meyer (Mayoral Committee Member)  
Ald. B J Stanley (Mayoral Committee Member)  
Ald. F J Schippers (Mayoral Committee Member)  
Cllr. V D McQuire (Mayoral Committee Member)  
Cllr. F Kamfer  
Cllr. S A Gxabalashé  
Cllr. C Erasmus  
Cllr. J Alexander  
Cllr. N M Ngobo  
Cllr. M Carosini  
Cllr. J J Hoop  
Cllr. N S Qunta  
Ald. S I J Smit  
Cllr. A J du Plooy  
Cllr. E B Mankay  
Ald. E Nackerdien  
Cllr. M Schrader  
Cllr. S M Scholtz  
Cllr. B J Penxa  
Cllr. N Smit  
Cllr. R Skei  
Cllr. H J van der Hoven

Councillors - Refer to Note 22 for the amounts paid to Councillors.

The municipal Manager (Mr H F Prins) and the Chief Financial Officer (Mr J Koekemoer) are trustees in the operating lease transaction that exists between the Council and the West Coast Financing Partnership. Payments are payable every six months. The properties involved in this transaction are section 36 of the farm Yzervarkensrug number 127 and section 3 of division Malmesbury farm number 91. The transactions are disclosed below :

#### Related party balances

##### Grants received from related parties

National Treasury	86 602 991	85 694 556
Provincial Treasury	1 168 442	602 770
Department of Water Affairs and Forestry	1 033 951	1 081 650

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

Department of Water Affairs and Forestry	11 524 754	10 682 893
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##### Sub-Lease transaction from related parties

West Coast Financing Partnership	26 286 700	35 431 808
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# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

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### 37. Leases

#### 37.1) Lease Payable

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 37. Leases (continued)

a) Witin one year of the reporting date	382 389	546 196
b) More than one year but less than five years of the reporting date, and	265 577	496 949
	<b>647 966</b>	<b>1 043 145</b>

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

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

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

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

An operating lease transaction exists between the Municipality and Weskus Kwekery (BK). The contract is for a period of one year. The property involved is site West Coast Farmstal corner of R27 and R315 Yzerfontein.

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

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

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

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

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

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

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

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

#### 37.2) Lease receivable

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

a) Within one year of the reporting date	304 217	304 217
b) More than one year but less than five years of the reporting date, and	1 521 083	1 521 083
c) More than five years	202 811	507 028
	<b>2 028 111</b>	<b>2 332 328</b>

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

# West Coast District Municipality

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### 38. Risk management

#### Financial risk management

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

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

#### Liquidity risk

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

#### Credit risk

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

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

#### Market risk

#### Interest rate risk

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

# West Coast District Municipality

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### 39. Financial Instruments disclosures

#### 39.1) Credit Risk

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

Trade and other receivables	34 138 116	12 460 111
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#### The ageing of trade and other receivables at the reporting date was :

Current	33 870 725	12 492 262
30 Days	230 032	211 018
60 Days	57 641	90 423
90 Days	10 473	15 962
120 Days plus	6 813	13 749
Less : Provision for bad debt	(37 568)	(363 303)
	<b>34 138 116</b>	<b>12 460 111</b>

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

Balance at the beginning of the year	363 303	425 599
Contributions to provisions	17 342	323 996
Expenditure incurred	(343 077)	(386 292)
	<b>37 568</b>	<b>363 303</b>

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

#### 39.2) Liquidity risk

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

Non-derivative financial liabilities 2017	Carrying Amount	Contractual Cash Flows	Within 1 Year	2 - 5 Years	More than 5 Years
Unspent conditional grants and receipts	1 712 584	-	-	-	-
Long term liabilities	57 246 151	-	-	-	-
	<b>58 958 735</b>	-	-	-	-

#### 39.3) Interest rate risks

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

Non-derivative financial assets 2017	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other receivables (8,5%)	34 138 116	-	-
Cash and cash equivalents - Cash book balances (3,5% floating)	234 434 001	-	-
	<b>268 572 117</b>	-	-

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand 2017 2016

### 39. Financial Instruments disclosures (continued)

#### Non-derivative financial liabilities 2017

	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other payables (Interest free)	6 516 873	-	-
Unspent conditional grants and receipts	1 712 584	-	-
Long term liabilities (12,54%, 11,73%, 8,60500% and 10,87%)	17 003 568	40 242 583	-
	<b>25 233 025</b>	<b>40 242 583</b>	<b>-</b>

#### Sensitivity analysis

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

#### Non-derivative financial assets 2017

	Statement of Financial Position	Profit or loss
Trade and other receivables	34 138 116	341 381
Cash and cash equivalents - Cash book balances	234 434 001	2 344 340
	<b>268 572 117</b>	<b>2 685 721</b>

#### 39.4) Fair values

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

### 40. Contingent Liabilities

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

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

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

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

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

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

# West Coast District Municipality

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## Notes to the Annual Financial Statements

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### 41. Deviation from supply chain management regulations

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

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

Reasons are only provided for deviations above R100 000 in the annual financial statements. Reasons for deviations below R100 000 can be viewed at the Supply Chain Management Offices.

Wolter Kluwer Tax and Accounting	14 737	-
First Technology	52 989	-
Macnay CC	15 107	-
Drs Stander, van Heerden	15 000	-
Barloworld Equipment	8 752	-
Fintech	5 000	-
Mafoko Security Patrols	29 630	-
Perdeberg Motors	12 664	-
Skaarland Ingenieurswerke	4 251	-
Bell Equipment	17 487	-
Wolter Kluwer Tax and Accounting	57 884	-
Bytes Universal Systems - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible because of guarantee, legal, licensing or such other requirements, or it will be impractical or uneconomical to acquire additional similar goods or services from another supplier or service provider.	196 365	-
Ramsay, Son & Parker	5 991	-
Fintech	5 000	-
The Conference Company	4 000	-
Barloworld Equipment	10 534	-
Barloworld Equipment	9 335	-
Global Africa Network - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible because of guarantee, legal, licensing or such other requirements, or it will be impractical or uneconomical to acquire additional similar goods or services from another supplier or service provider.	233 884	-
M C Bakwerke	5 190	-
Intec College (Pty) Ltd	15 500	-
Van Schaik Bookstore	2 110	-
Unisa	3 525	-
Golden Rewards 1873 CC	2 520	-
Future Managers	1 580	-
DMISA	6 100	-
Barloworld Equipment	5 361	-
Fintech	5 000	-
Pex Hydraulics	22 613	-
AC Pneumatics	6 534	-
Business Engineering	60 648	-
Barloworld Equipment	8 737	-
Fintech	5 000	-
Barloworld Equipment	16 458	-
Henfred Fruehauf Trailers (Pty) Ltd	9 758	-
Interactive Trading 498 CC	43 164	-
Fintech	5 000	-
Barloworld Equipment	24 620	-
Bytes Universal Systems	5 400	-



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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<b>41. Deviation from supply chain management regulations (continued)</b>		
Bytes Univerdal Systems - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible because of guarantee, legal, licensing or such other requirements, or it will be impractical or uneconomical to acquire additional similar goods or services from another supplier or service provider,	265 000	-
South African Institute for Environmental Health	4 000	-
Bytes Universal Systems	4 365	-
Exhibitions	9 276	-
Working on fire	33 437	-
Working on fire	24 439	-
Groter Cederberg Brandbeskerming	2 643	-
Working for water	4 464	-
Barloworld Equipment	9 331	-
B. Hare Plumbers and Renovations	6 500	-
Engine & Gearbox Master	29 518	-
Ezyed - Goods or services have already been acquired by the municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible because of guarantee, legal, licensing or such other requirements, or it will be impractical or uneconomical to acquire additional similar goods or services from another supplier or service provider,	569 457	-
Namibia Tourism Expo	20 253	-
High Power Equipment Africa	7 553	-
A C Pneumatics	12 752	-
Lobour Guide	2 190	-
Telkom SA Limited	3 471	-
Tour and Safari Association of Namibia	3 848	-
Working on fire	2 514	-
Fintech	2 500	-
Perdeberg Motors	2 706	-
Fire Raiders	13 678	-
F E S Manufacturing	28 464	-
West Coast Communications	3 393	-
De Kock Paneelkloppers	13 965	-
Barloworld Equipment	24 120	-
CK Rumboll & Vennote - Exceptional case and it is impractical or impossible to follow the official procurement processes.	1 083 056	-
Bytes Universal Systems	50 560	-
Expo Studio Namibia CC	6 615	-
Wesgro	21 409	-
PSA Africa	2 588	-
SAACE	4 104	-
Working on fire	2 679	-
Groter Cederberg FPA	3 362	-
Working on fire	7 495	-
Working on fire	60 362	-
Groter Cederberg FPA	3 298	-
Fintech	5 000	-
CSX Customer Services	2 246	-
K2T Agencies	2 900	-
DHT Wired	29 600	-
Barloworld Equipment	16 956	-
Komatsu SA	19 789	-
Perdeberg Motors	3 914	-
SALGA	17 571	-
T & F Construction	49 476	-
Juno Corp	11 998	-
ICASA	6 511	-
Fintech	5 000	-
Wolter Kluwer Tax and Accounting	-	13 773

# West Coast District Municipality

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<b>41. Deviation from supply chain management regulations (continued)</b>		
Fintech	-	5 000
First Technology (Pty) Ltd	-	44 211
Linu Boerdery	-	8 848
Petersfield	-	2 160
SSE Cape	-	17 700
Babcock Equipment	-	13 064
Thatch Treatment Technologies	-	15 600
Thatch Treatment Technologies	-	13 500
Thatch Treatment Technologies	-	4 240
Business Engineering - Goods or services have already been acquired by the Municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible,	-	160 398
Perdeberg Motors	-	4 932
Linu Boerdery	-	8 849
Petersfield	-	2 160
Amtronix (Pty) Ltd	-	5 928
FFA Operations (Pty) Ltd	-	13 337
Forms Media Independent Africa	-	5 000
Altimax Training Acadamy (Pty) Ltd	-	60 000
Fintech	-	5 000
Kimru IT Logix	-	3 495
Business Engineering	-	60 648
Marce Projects (Pty) Ltd	-	14 881
Global Africa Network - Sole Supplier	-	188 340
Tradestuff 2079 CC t/a Precision Diesel	-	3 042
DMISA	-	5 700
Namibia Tourism Expo	-	23 431
Vissershok Waste Management	-	10 316
Linu Boerdery	-	8 849
Petersfield	-	2 160
VAG-Valves SA (Pty) Ltd	-	2 000
V,I Instruments	-	4 669
Fintech	-	5 000
Lexintons Civils & Plant	-	15 960
IMASA	-	8 820
Groter Cederberg Brandbeskerming	-	2 945
Bytes Universal Systems - Goods or services have already been acquired by the Municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible,	-	819 325
Viking Pony Africa	-	45 000
Bytes Universal Systems	-	22 281
Interactive Trading 498 CC	-	40 626
Mzantsi Koloni Electronics - Goods or services have already been acquired by the Municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible,	-	281 329
IMPSA	-	5 900
Bytes Universal Systems	-	2 395
First Technology (Pty) Ltd	-	1 425
IMESA Conference	-	12 500
Lexintons Civil & Plant	-	46 512
Linu Boerdery	-	8 849
Petersfield	-	2 160
IMESA Conference	-	6 250
Institute of Internal Auditors	-	9 000
Flux Interactive (Pty) Ltd	-	2 850
Wear Check Africa	-	10 021
JB's Nissan	-	3 635
Protea Hotel Stellenbosch	-	9 026

# West Coast District Municipality

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<b>41. Deviation from supply chain management regulations (continued)</b>		
Perdeberg Motors	-	11 869
Bytes Universal Systems	-	16 156
Bytes Universal Systems	-	2 730
Fintech	-	5 000
Engine & Gearbox Master	-	14 250
Munstel	-	11 420
Academy for Construction Skills	-	32 300
Agrico	-	4 707
First Technology (Pty) Ltd	-	1 425
IMD Conference Exhibitions	-	15 048
Toevlug Sentrum	-	13 520
Exhibition Building Solutions	-	12 312
Piketberg Engineering	-	13 680
Groter Cederberg Brandbeskerming	-	80 500
Steve's Electrical	-	15 000
Linu Boerdery	-	8 849
Petersfield	-	2 160
CSV Water Consulting Engineers	-	7 980
Riviera Hotel	-	3 080
Zaqen Actuaries (Pty) Ltd	-	5 500
Fintech	-	5 000
University of Stellenbosch	-	61 200
Oxbridge Academy (Pty) Ltd	-	10 240
Hyflo Southern Africa (Pty) Ltd	-	30 739
Linu Boerdery	-	8 849
Petersfield	-	2 160
Trac-Tech (Pty) Ltd	-	3 010
Trentyre	-	7 101
High Pressure Services	-	2 676
Piketberg Engineering	-	7 969
Speelgoed Klimrame	-	2 600
Fintech	-	5 000
Microsoft Ireland - Sole Supplier	-	1 185 572
Linu Boerdery	-	8 849
Petersfield	-	2 160
Business Engineering - Goods or services have already been acquired by the Municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible,	-	160 398
Fintech	-	5 000
Tentyre	-	2 571
AAE Services	-	2 489
Ramsay, Son & Parker	-	17 544
FFA Aviation (Pty) Ltd - Emergency	-	556 417
Linu Boerdery	-	8 849
Petersfield	-	2 160
Groter Cederberg Brandbeskerming	-	7 590
Makmesbury Motors	-	5 112
FFA Aviation (Pty) Ltd	-	60 119
Auma South Africa	-	5 173
Supa Quick Moorreesburg	-	2 263
Sulzer Pumps SA	-	13 375
Fintech	-	5 000
FFA Aviation (Pty) Ltd - Emergency	-	104 962
FFA Aviation (Pty) Ltd - Emergency	-	109 733
FFA Aviation (Pty) Ltd	-	52 087
FFA Aviation (Pty) Ltd	-	4 682
Tour and Safari Association	-	3 848
H J van Zyl Meganies	-	29 808
Bytes Universal Systems	-	33 824
Intec College	-	21 531

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Figures in Rand	2017	2016
<b>41. Deviation from supply chain management regulations (continued)</b>		
Intec College	-	17 800
Mowers Durbanville	-	3 321
Man Truck & Bus	-	2 811
Man Truck & Bus	-	7 083
Ramsay, Son & Parker	-	6 213
Wesgro	-	22 923
Wesgro	-	19 500
Linu Boerdery	-	8 849
Petersfield	-	2 160
Fintech	-	500
Sivad Trading	-	5 366
Price Waterhouse Coopers - Goods or services have already been acquired by the Municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible,	-	583 224
Price Waterhouse Coopers - Goods or services have already been acquired by the Municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible.	-	306 342
Joshua West	-	32 828
Mzantsi Koloni Electronics	-	28 215
Agrico	-	4 545
OCSA Academy of Excellence	-	11 149
Bytes Universal Systems	-	5 586
Josua West	-	20 997
Drainmen Plumbers CC	-	25 604
South African Institute of Environmental Health	-	10 200
University of Stellenbosch	-	8 000
Expo Studio Namibia	-	6 849
Motimer Toyota Weskus	-	1 250
Fintech	-	5 000
Linu Boerdery	-	8 849
Petersfield	-	2 160
Intec College (Pty) Ltd	-	21 531
Unisa	-	12 865
Labour Law Club	-	4 863
FFA Aviation (Pty) Ltd	-	60 010
The Boardwalk Hotel & Spa	-	8 370
JB's Nissan	-	14 985
IMFO	-	6 073
Frank Weigle's Auto Electric CC	-	6 640
J & E Motor Elektriese Dienste	-	2 197
Fintech	-	5 000
Bytes Universal Systems	-	41 348
Groter Cederberg Brandbeskerming	-	3 121
Hyflo Southern Africa	-	25 878
Skills Train Distributors	-	30 882
Barloworld Equipment	-	22 792
ICASA	-	6 120
Linu Boerdery	-	8 849
Petersfield	-	2 160
Fintech	-	7 000
Barloworld Equipment	-	61 222
De Kock Breakdown Services	-	7 500
Fintech	-	5 000
Barloworld Equipment	-	16 614
Barloworld Equipment	-	13 284
Pex Hydraulics	-	17 734
SAICE	-	4 375
Effective Human Interventions	-	6 269

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>41. Deviation from supply chain management regulations (continued)</b>		
Sure Swartland Travel - Goods or services have already been acquired by the Municipality from a specific supplier or service provider and subsequent maintenance, amendments, or modifications by other suppliers or service providers are prohibited, restricted or impossible.	-	215 200
Intergate Visalink (Pty) Ltd	-	6 872
Linu Boerdery	-	8 849
Petersfield	-	2 160
Provincial Government of the Western Cape	-	39 750
Steve's Electrical	-	5 716
Drainman Plumbers CC	-	5 000
Mzantsi Koloni Equipment	-	4 019
Henred Fruehauf Trailers	-	11 457
Henred Fruehauf Trailers	-	12 597
Wear Check Africa	-	6 977
Overberg Agri	-	2 310
Fintech	-	5 000
Drainman Plumbers CC	-	17 000
Fox Wireless	-	4 500
Improchem (Pty) Ltd - Emergency	-	175 000
Ultra Hersteldienste	-	74 585
Endress+Hauser	-	7 400
	<b>3 473 754</b>	<b>7 112 584</b>

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

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

Siphenkosi Protection Services - Mr I Claasen - Bergriver Municipality - Clerk	95 260	209 046
MOGWE (Pty) Ltd - Mrs N Engelbrecht - Clerk - Saldanhabay Municipality	-	32 414
FAMSA - Mrs Joy Warries - Director - City of Cape Town	-	11 012
Lezora Trading - Department of Education - Teacher	-	192 101
Global Africa Network - Mr Sello Mabotja - Department of Agriculture - Director	233 884	188 340
Joseph Poni - Mr J Poni - Department of Correctional Services - Employee	-	993
Aurecon South Africa (Pty) Ltd - Ms T Majola - Member	288 000	40 704
Price Waterhouse Coopers Inc - Mr O Latiff - Member	190 136	1 136 109
IOMU Trading (Pty) Ltd - Mrs A Appollis - Department of Correctional Services - In-service training	228 590	379 840
Aon South Africa (Pty) Ltd - Dr N Magua - Executive Director & Non-executive chairperson of NTP Radioisotopes	-	772 041
African Oxygen Limited - Nomfundo Qangule - Goega Development Corporation - Employee	122 366	79 489
M C Bakwerke - Mrs R Mckrieling - West Coast District Municipality - Clerk	32 809	41 498
AgriFusion (Pty) Ltd - Prof A Karaan - Shareholder - National Planning Commission of the Presidency	-	200 000
Global Credit Rating Co - Mr M Ngoasheng - Non-executive director Coega Development Corporation	131 100	96 900
D J Vibrations - Mrss H & M Lakey - Members	-	2 500
Actom - Nkululeko Sowazi - Employee Housing Development Agency	-	8 944
Sivad Trading (Pty) Ltd - Mrs Yvonne Davis Michaels - Clerk - Department of International Relations	78 801	45 755
Cummins South Africa (Pty) Ltd - Mr Xavier Borei - MPU Parks and Tourism - Clerk	-	555
Blackbird Trading CC - Mrs Marlene Smit - Swartland Municipality - Snr Clerk	44 800	142 500
Liplekker Takeaways - Mr Elvin Pedro - Emergency Services - Chief EMS	-	5 592
Golden Rewards 1873 CC - Mr Raynard De Jager - WC : Department of Education - Teacher	32 250	24 925
Ithuba Industries - Mrs De Morney - Sir Lowry's Pass Primary - Teacher	44 232	1 380 106

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>41. Deviation from supply chain management regulations (continued)</b>		
Piston Power Chemicals CC - Mrs Nadira Andhee - KZN Department of Education - Teacher	6 288	467 014
JB's Nissan - Mr R Kortje - Department of Education - Teacher	31 493	60 449
JB's Nissan - Mr R Kortje - Department of Education - Teacher	68 972	78 759
Massive Quantum (Pty) Ltd - Mrs Fiona Hendricks - City of Cape Town - Employee	175 630	98 423
ISPY Trade (Pty) Ltd - Miss N Lebuso - Department of Education Free State	243 151	651 077
Kemanzi (Pty) Ltd - Mr J N du Toit - Traffic Officer	194 490	-
Extreme Boards (Pty) Ltd	4 225	-
	<b>2 246 477</b>	<b>6 347 086</b>

### 42. Reticulation Losses

#### Water

Kiloliters purchased - after purification	22 580 836	25 845 914
Kiloliters sold	(21 976 300)	(23 730 984)
<b>Reticulation loss</b>	<b>604 536</b>	<b>2 114 930</b>

Percentage 2.68% 8.18%

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

#### Electricity

No electricity losses were incurred

### 43. Reconciliation between budget and statement of financial performance

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

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>43. Reconciliation between budget and statement of financial performance (continued)</b>		
<b>Net surplus per the statement of financial performance - 2017</b>	37 670 238	-
<b>Adjusted for:</b>		
<b>Accounts Exceeding Budget</b>	-	-
Service charges	(1 576 176)	-
Investment revenue	(12 064 317)	-
Resort income	(198 723)	-
Other own revenue	(2 357 202)	-
Bulk purchases	1 224 754	-
Interest on debtors	(4 415)	-
<b>Accounts Not Exceeding Budget</b>	-	-
Employee cost	(4 684 408)	-
Finance charges	(2 022 442)	-
Agency services	766 758	-
Licence and Permits	20 000	-
Transfers recognised - operational	1 416 620	-
Debt Impairment	(787 500)	-
Depreciation and Asset impairment	(361 981)	-
Other Expenditure	(11 550 475)	-
Other material	(4 479 206)	-
<b>Accounts Not Budget for:</b>	-	-
Actuarial Gain on Roads receivable	526 821	-
Loss on disposal of assets and liabilities	1 144 954	-
	<b>2 683 300</b>	<b>-</b>
<b>Net surplus per the statement of financial performance - 2016</b>	-	21 675 420
<b>Adjusted for:</b>	-	-
<b>Accounts Exceeding Budget:</b>	-	-
Service charges	-	(3 167 225)
Investment revenue	-	(8 926 155)
Transfers recognised - operational	-	(1 409 212)
Other own revenue	-	(3 447 054)
Bulk purchases	-	382 893
<b>Accounts Not Exceeding Budget</b>	-	-
Employee cost	-	(12 648 227)
Finance charges	-	(1 720 841)
Other own revenue	-	24 934 639
Materials	-	(617 752)
Other Expenditure	-	(29 578 615)
<b>Accounts Not Budget for:</b>	-	-
Depreciation & Asset impairment	-	(536 771)
	-	<b>(15 058 900)</b>
<b>44. Road Services</b>		
Revenue recognised	122 703 242	145 936 197
<b>45. Actuarial gains recognised - employee benefits</b>		
Long service awards	702 556	364 355
Medical aid benefits	6 093 505	(16 852)
Road Receivable	-	1 965 675
	<b>6 796 061</b>	<b>2 313 178</b>

# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand 2017 2016

### 46. Finance Income

Short-term investments	17 906 148	15 947 760
Primary bank account	2 820 669	1 228 395
Other interest	-	-
	<b>20 726 817</b>	<b>17 176 155</b>

### 47. Allowance for Impairment

Other receivables from exchange transactions	-	69 153
Trade receivables from exchange transactions	-	212 480
	<b>-</b>	<b>281 633</b>

### 48. Provisions (Current)

	Opening Balance 2016	Raised	Utilised / reversed	Transfer from non-current	Closing balance 2017
Bulk water payments	-	3 193 432	-	-	3 193 432
Goods and services	-	2 110 644	-	-	2 110 644
	<b>-</b>	<b>5 304 076</b>	<b>-</b>	<b>-</b>	<b>5 304 076</b>

Bulk water payments - Provision has been made for outstanding payments claimed from the Department of Water Affairs as at 30 June 2017.

Goods and services - Provision has been made for outstanding payments claimed from a service provider as at 30 June 2017.

### 49. Transfers and Subsidies

Farmer subsidy	1 007 033	932 958
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### 50. Contracted services

Contractors	15 719 545	11 662 166
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### 51. Repairs and Maintenance

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



# West Coast District Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand 2017 2016

### 51. Repairs and Maintenance (continued)

Repairs and maintenance per asset class	Buildings	Infrastructure	Other	Total - 30 June 2016
Roads - Agency service and other	-	68 757 123	-	68 757 123
Water Reticulation	-	7 798 218	-	7 798 218
Buildings	2 090 686	-	-	2 090 686
Furniture and Office Equipment	-	-	52 721	52 721
Machinery and Equipment	-	-	2 447 889	2 447 889
Transport assets	-	-	8 312 601	8 312 601
	<b>2 090 686</b>	<b>76 555 341</b>	<b>10 813 211</b>	<b>89 459 238</b>

#### Repairs and maintenance per nature - These balances are part of the following:

	Statement of Financial Performance - 30 June 2016
Contracted services	11 662 166
Materials and supplies - Inventory consumed	46 971 912
Operational costs	29 892 202
Transfers and subsidies	932 958
	<b>89 459 238</b>

Repairs and maintenance per asset class	Buildings	Infrastructure	Other	Total - 30 June 2017
Roads - Agency service and other	-	40 158 519	-	40 158 519
Water Reticulation	-	8 807 860	-	8 807 860
Buildings	2 596 816	-	-	2 596 816
Computer Equipment	-	-	6 278	6 278
Furniture and Office Equipment	-	-	61 634	61 634
Machinery and Equipment	-	-	1 462 141	1 462 141
Transport assets	-	-	10 702 383	10 702 383
	<b>2 596 816</b>	<b>48 966 379</b>	<b>12 232 436</b>	<b>63 795 631</b>

#### Repairs and maintenance per nature - These balances are part of the following:

	Statement of Financial Performance - 30 June 2017
Contracted services	15 719 545
Inventory consumed	42 918 883
Operational cost	4 150 170
Transfers and subsidies	1 007 033
	<b>63 795 631</b>

# **West Coast District Municipality**

Annual Financial Statements for the year ended 30 June 2017

**West Coast District Municipality**

**Appendix E (1)**

June 2017

**Schedule of external loans as at 30 June 2017**

<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2016</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2017</b>	<b>Carrying Value of Property, Plant &amp; Equip</b>	<b>Other Costs in accordance with the MFMA</b>
		<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>
<b>External Loans</b>							
Sanlam Credit Conduit (Pty) Ltd	1	30/06/2018	9 418 330	-	4 422 283	4 996 047	-
DBSA	1	30/06/2020	21 793 217	-	4 544 644	17 248 573	-
ABSA	1	31/12/2021	22 026 457	-	3 524 926	18 501 531	-
DBSA	1	31/10/2022	19 500 000	-	3 000 000	16 500 000	-
			<b>72 738 004</b>	<b>-</b>	<b>15 491 853</b>	<b>57 246 151</b>	<b>-</b>

# West Coast District Municipality

## Appendix B

June 2017

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

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	26 179 622	-	-	-	-	-	26 179 622	-	-	-	-	-	-	26 179 622
	<b>26 179 622</b>	-	-	-	-	-	<b>26 179 622</b>	-	-	-	-	-	-	<b>26 179 622</b>
<b>Infrastructure</b>														
Electricity supply / Reticulation	449 112	-	-	-	-	-	449 112	(107 091)	-	(9 187)	-	-	(116 278)	332 834
Transformers	323 519	-	-	-	-	-	323 519	(65 180)	-	(6 689)	-	-	(71 869)	251 650
Cables	181 753	-	-	-	-	-	181 753	(39 196)	-	(4 038)	-	-	(43 234)	138 519
Mini sub stations	216 440	-	-	-	-	-	216 440	(75 553)	-	(7 082)	-	-	(82 635)	133 805
Water purifications	47 638 430	-	-	-	-	-	47 638 430	(5 882 730)	-	(675 124)	-	-	(6 557 854)	41 080 576
Water Reticulation	144 443 479	-	3 742 122	-	-	-	148 185 601	(44 208 675)	-	(3 191 419)	-	-	(47 400 094)	100 785 507
Dams	482 718	-	-	-	-	-	482 718	(288 853)	-	(22 991)	-	-	(311 844)	170 874
Pump Stations	7 412 104	-	9 260	-	-	-	7 421 364	(1 644 986)	-	(185 880)	-	-	(1 830 866)	5 590 498
Reservoirs	111 681 119	-	1 610	-	-	-	111 682 729	(19 531 369)	-	(2 257 135)	-	-	(21 788 504)	89 894 225
Waste Purification	5 524 730	-	-	-	-	-	5 524 730	(954 668)	-	(77 336)	-	-	(1 032 004)	4 492 726
Substation Switch Gear	418 683	-	-	-	-	-	418 683	(105 771)	-	(10 455)	-	-	(116 226)	302 457
Electric Panels	44	-	-	-	-	-	44	(10)	-	(1)	-	-	(11)	33
Electricity Perimeter Protection	56 560	-	-	-	-	-	56 560	(21 098)	-	(2 262)	-	-	(23 360)	33 200
Other	493 401	-	-	-	-	-	493 401	(97 985)	-	(31 479)	-	-	(129 464)	363 937
	<b>319 322 092</b>	-	<b>3 752 992</b>	-	-	-	<b>323 075 084</b>	<b>(73 114 055)</b>	-	<b>(6 481 078)</b>	-	-	<b>(79 595 133)</b>	<b>243 479 951</b>
<b>Community Assets</b>														
Residences (Personnel)	5 592 082	-	120 043	-	-	-	5 712 125	(1 302 280)	-	(79 306)	-	-	(1 381 586)	4 330 539
Warehouses	1 816 003	-	-	-	-	-	1 816 003	(855 788)	-	(90 767)	-	-	(946 555)	869 448
Community halls	968 437	-	-	-	-	-	968 437	(391 787)	-	(35 236)	-	-	(427 023)	541 414
Office Buildings	6 693 328	-	91 581	(178 270)	-	-	6 606 639	(2 668 038)	-	(335 616)	78 002	-	(2 925 652)	3 680 987
Recreational facilities	136 642	-	-	-	-	-	136 642	(54 107)	-	(6 547)	-	-	(60 654)	75 988
Clinics	1 602 754	-	-	-	-	-	1 602 754	(215 366)	-	(44 494)	-	-	(259 860)	1 342 894
Non residential perimeter protection	19 046	-	-	-	-	-	19 046	(248 519)	-	(766)	-	-	(249 285)	(230 239)
Ablution / Public Facilities	60 000	-	-	-	-	-	60 000	(45 000)	-	(2 999)	-	-	(47 999)	12 001
Workshops / Store Rooms	1 982 728	-	-	-	-	-	1 982 728	(587 063)	-	(217 941)	-	-	(805 004)	1 177 724
Public Parking	1 004 546	-	-	-	-	-	1 004 546	(401 833)	-	(20 225)	-	-	(422 058)	582 488
Fire, safety & emergency	36 190 633	-	372 675	-	-	-	36 563 308	(13 464 930)	-	(1 812 753)	-	-	(15 277 683)	21 285 625
Car Ports / Garage	379 564	-	-	-	-	-	379 564	(151 158)	-	(18 851)	-	-	(170 009)	209 555
Internal Roads	693 042	-	-	-	-	-	693 042	(256 495)	-	(24 884)	-	-	(281 379)	411 663
	<b>57 138 805</b>	-	<b>584 299</b>	<b>(178 270)</b>	-	-	<b>57 544 834</b>	<b>(20 642 364)</b>	-	<b>(2 690 385)</b>	<b>78 002</b>	-	<b>(23 254 747)</b>	<b>34 290 087</b>

# West Coast District Municipality

## Appendix B

June 2017

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

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
<b>Specialised vehicles</b>														
<b>Other assets</b>														
General vehicles	34 496 580	-	1 561 927	(1 191 392)	-	-	<b>34 867 115</b>	(24 118 955)	-	(2 086 318)	333 871	-	<b>(25 871 402)</b>	8 995 713
Audiovisual equipment	441 110	-	-	(27 706)	-	-	<b>413 404</b>	(333 346)	-	(46 173)	26 515	-	<b>(353 004)</b>	60 400
Computer equipment	4 965 380	-	313 761	(290 366)	-	-	<b>4 988 775</b>	(3 144 403)	-	(596 570)	271 886	-	<b>(3 469 087)</b>	1 519 688
Domestic equipment	44 676	-	8 507	(2 721)	-	-	<b>50 462</b>	(31 642)	-	(4 858)	2 283	-	<b>(34 217)</b>	16 245
Electrical wire and power distribution	9 254	-	-	-	-	-	<b>9 254</b>	(863)	-	(960)	-	-	<b>(1 823)</b>	7 431
Emergency / Rescue equipment	1 146 456	-	81 072	(64 224)	-	-	<b>1 163 304</b>	(454 066)	-	(113 574)	25 367	-	<b>(542 273)</b>	621 031
Elevator Systems	6 398	-	-	-	-	-	<b>6 398</b>	(6 183)	-	(26)	-	-	<b>(6 209)</b>	189
Fire fighting equipment	3 927 501	-	1 192 937	(272 117)	-	-	<b>4 848 321</b>	(2 189 558)	-	(594 001)	145 704	-	<b>(2 637 855)</b>	2 210 466
Gardening equipment	174 583	-	59 272	(3 472)	-	-	<b>230 383</b>	(147 065)	-	(29 012)	3 391	-	<b>(172 686)</b>	57 697
Kitchen appliances	461 343	-	54 802	(20 499)	-	-	<b>495 646</b>	(303 116)	-	(28 610)	15 264	-	<b>(316 462)</b>	179 184
Laboratory equipment	568 833	-	448 184	(24 182)	-	-	<b>992 835</b>	(404 154)	-	(60 624)	21 585	-	<b>(443 193)</b>	549 642
Medical and Allied equipment	154 668	-	-	-	-	-	<b>154 668</b>	(121 561)	-	(15 762)	-	-	<b>(137 323)</b>	17 345
Pump / plumbing	175 969	-	1 949 283	(5 790)	-	-	<b>2 119 462</b>	(22 193)	-	(77 485)	661	-	<b>(99 017)</b>	2 020 445
Radio equipment	2 628 874	-	315 053	(338 116)	-	-	<b>2 605 811</b>	(1 391 880)	-	(261 035)	255 303	-	<b>(1 397 612)</b>	1 208 199
Security equipment	105 987	-	75 962	(13 872)	-	-	<b>168 077</b>	(10 726)	-	(24 333)	3 567	-	<b>(31 492)</b>	136 585
Workshop equipment	3 284 564	-	162 770	(397 238)	-	-	<b>3 050 096</b>	(2 745 175)	-	(221 357)	373 939	-	<b>(2 592 593)</b>	457 503
Air conditioners	805 417	-	81 983	(82 113)	-	-	<b>805 287</b>	(654 167)	-	(66 291)	69 917	-	<b>(650 541)</b>	154 746
Office furniture	4 003 813	-	73 186	(121 121)	-	-	<b>3 955 878</b>	(3 418 329)	-	(216 755)	109 236	-	<b>(3 525 848)</b>	430 030
Domestic and Hostel furniture	1 601 076	-	151 407	(53 295)	-	-	<b>1 699 188</b>	(1 327 735)	-	(58 127)	51 356	-	<b>(1 334 506)</b>	364 682
Other	1 546 453	-	-	(2 356)	-	-	<b>1 544 097</b>	(654 635)	-	(61 070)	2 299	-	<b>(713 406)</b>	830 691
	<b>60 548 935</b>	-	<b>6 530 106</b>	<b>(2 910 580)</b>	-	-	<b>64 168 461</b>	<b>(41 479 752)</b>	-	<b>(4 562 941)</b>	<b>1 712 144</b>	-	<b>(44 330 549)</b>	<b>19 837 912</b>

# West Coast District Municipality

## Appendix B

June 2017

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

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	26 179 622	-	-	-	-	-	<b>26 179 622</b>	-	-	-	-	-	-	26 179 622
Infrastructure	319 322 092	-	3 752 992	-	-	-	<b>323 075 084</b>	(73 114 055)	-	(6 481 078)	-	-	<b>(79 595 133)</b>	243 479 951
Community Assets	57 138 805	-	584 299	(178 270)	-	-	<b>57 544 834</b>	(20 642 364)	-	(2 690 385)	78 002	-	<b>(23 254 747)</b>	34 290 087
Other assets	60 548 935	-	6 530 106	(2 910 580)	-	-	<b>64 168 461</b>	(41 479 752)	-	(4 562 941)	1 712 144	-	<b>(44 330 549)</b>	19 837 912
	<b>463 189 454</b>	-	<b>10 867 397</b>	<b>(3 088 850)</b>	-	-	<b>470 968 001</b>	<b>(135 236 171)</b>	-	<b>(13 734 404)</b>	<b>1 790 146</b>	-	<b>(147 180 429)</b>	<b>323 787 572</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	3 303 007	-	-	(31 250)	-	-	<b>3 271 757</b>	(2 274 104)	-	(486 664)	9 374	-	<b>(2 751 394)</b>	520 363
	<b>3 303 007</b>	-	-	<b>(31 250)</b>	-	-	<b>3 271 757</b>	<b>(2 274 104)</b>	-	<b>(486 664)</b>	<b>9 374</b>	-	<b>(2 751 394)</b>	<b>520 363</b>
<b>Investment properties</b>														
Investment property	5 508 050	-	-	-	-	-	<b>5 508 050</b>	(902 558)	-	(33 210)	-	-	<b>(935 768)</b>	4 572 282
	<b>5 508 050</b>	-	-	-	-	-	<b>5 508 050</b>	<b>(902 558)</b>	-	<b>(33 210)</b>	-	-	<b>(935 768)</b>	<b>4 572 282</b>
<b>Total</b>														
Land and buildings	26 179 622	-	-	-	-	-	<b>26 179 622</b>	-	-	-	-	-	-	26 179 622
Infrastructure	319 322 092	-	3 752 992	-	-	-	<b>323 075 084</b>	(73 114 055)	-	(6 481 078)	-	-	<b>(79 595 133)</b>	243 479 951
Community Assets	57 138 805	-	584 299	(178 270)	-	-	<b>57 544 834</b>	(20 642 364)	-	(2 690 385)	78 002	-	<b>(23 254 747)</b>	34 290 087
Other assets	60 548 935	-	6 530 106	(2 910 580)	-	-	<b>64 168 461</b>	(41 479 752)	-	(4 562 941)	1 712 144	-	<b>(44 330 549)</b>	19 837 912
Intangible assets	3 303 007	-	-	(31 250)	-	-	<b>3 271 757</b>	(2 274 104)	-	(486 664)	9 374	-	<b>(2 751 394)</b>	520 363
Investment properties	5 508 050	-	-	-	-	-	<b>5 508 050</b>	(902 558)	-	(33 210)	-	-	<b>(935 768)</b>	4 572 282
	<b>472 000 511</b>	-	<b>10 867 397</b>	<b>(3 120 100)</b>	-	-	<b>479 747 808</b>	<b>(138 412 833)</b>	-	<b>(14 254 278)</b>	<b>1 799 520</b>	-	<b>(150 867 591)</b>	<b>328 880 217</b>

**West Coast District Municipality  
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2016  
Cost/Revaluation Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	23 017 847	3 161 775	-	-	-	-	26 179 622	-	-	-	-	-	-	26 179 622
	<b>23 017 847</b>	<b>3 161 775</b>	-	-	-	-	<b>26 179 622</b>	-	-	-	-	-	-	<b>26 179 622</b>
<b>Infrastructure</b>														
Roads, Pavements & Bridges	225 425	-	-	-	-	(225 425)	-	(90 890)	-	-	-	-	(90 890)	(90 890)
Electricity supply / Reticulation	21 521	-	-	-	-	427 591	449 112	(10 458)	-	(11 228)	-	(85 405)	(107 091)	342 021
Transformers	257 896	-	-	-	-	65 623	323 519	(76 760)	-	(6 690)	-	18 270	(65 180)	258 339
Cables	181 753	-	-	-	-	-	181 753	(25 761)	-	(4 039)	-	(9 396)	(39 196)	142 557
Mini sub stations	200 624	-	-	-	-	15 816	216 440	(88 994)	-	(7 083)	-	20 524	(75 553)	140 887
Water purifications	48 402 490	-	2 432 357	-	-	(3 196 417)	47 638 430	(13 142 205)	-	(700 410)	-	7 959 885	(5 882 730)	41 755 700
Water Reticulation	165 008 496	-	463 216	(19 136 797)	-	(1 891 436)	144 443 479	(26 876 153)	-	(3 190 034)	-	(14 142 488)	(44 208 675)	100 234 804
Dams	110 344	-	-	-	-	372 374	482 718	(23 552)	-	(22 993)	-	(242 308)	(288 853)	193 865
Pump Stations	9 558 693	-	-	-	-	(2 146 589)	7 412 104	(2 298 074)	-	(185 841)	-	838 929	(1 644 986)	5 767 118
Reservoirs	108 671 547	-	-	-	-	3 009 572	111 681 119	(23 585 440)	-	(2 257 150)	-	6 311 221	(19 531 369)	92 149 750
Waste Purifications	5 524 730	-	-	-	-	-	5 524 730	(954 668)	-	-	-	-	(954 668)	4 570 062
Landfil Sites	882 265	-	-	(882 265)	-	-	-	-	-	-	-	-	-	-
Substation Switch Gear	-	-	-	-	-	418 683	418 683	-	-	(10 454)	-	(95 317)	(105 771)	312 912
Electrical Panels	-	-	-	-	-	44	44	-	-	1	-	(11)	(10)	34
Electrical Perimeter Protection	-	-	-	-	-	56 560	56 560	-	-	(2 262)	-	(18 836)	(21 098)	35 462
Other	-	-	-	-	-	493 401	493 401	-	-	(9 186)	-	(88 799)	(97 985)	395 416
	<b>339 045 784</b>	-	<b>2 895 573</b>	<b>(20 019 062)</b>	-	<b>(2 600 203)</b>	<b>319 322 092</b>	<b>(67 172 955)</b>	-	<b>(6 407 369)</b>	-	<b>466 269</b>	<b>(73 114 055)</b>	<b>246 208 037</b>
<b>Community Assets</b>														
Residences (Personnel)	5 431 361	-	-	-	-	160 721	5 592 082	(2 044 585)	-	(187 925)	-	930 230	(1 302 280)	4 289 802
Warehouses	1 556 144	-	-	-	-	259 859	1 816 003	(631 069)	-	(90 768)	-	(133 951)	(855 788)	960 215
Community halls	960 019	-	-	-	-	8 418	968 437	(400 175)	-	(35 236)	-	43 624	(391 787)	576 650
Office Buildings	6 689 126	-	-	-	-	4 202	6 693 328	(2 706 077)	-	(334 658)	-	372 697	(2 668 038)	4 025 290
Recreational facilities	226 945	-	17 081	-	-	(107 384)	136 642	(61 295)	-	(6 279)	-	13 467	(54 107)	82 535
Clinics	1 158 390	-	-	-	-	444 364	1 602 754	(425 300)	-	(44 495)	-	254 429	(215 366)	1 387 388
Non residential perimeter protection	19 046	-	-	-	-	-	19 046	(6 863)	-	(767)	-	(240 889)	(248 519)	(229 473)
Ablution / Public Facilities	75 000	-	-	-	-	(15 000)	60 000	(30 804)	-	(2 999)	-	(11 197)	(45 000)	15 000
Workshops / Store Rooms	2 205 613	-	-	-	-	(222 885)	1 982 728	(574 546)	-	(79 307)	-	66 790	(587 063)	1 395 665
Public Parking	609 863	-	-	-	-	394 683	1 004 546	(252 251)	-	(50 226)	-	(99 356)	(401 833)	602 713
Fire, safety & emergency	36 190 633	-	-	-	-	-	36 190 633	(10 357 246)	-	(1 809 488)	-	(1 298 196)	(13 464 930)	22 725 703
Car Ports / Garage	-	-	-	-	-	379 564	379 564	-	-	(18 851)	-	(132 307)	(151 158)	228 406
Internal Roads	-	-	-	-	-	693 042	693 042	-	-	(24 885)	-	(231 610)	(256 495)	436 547
	<b>55 122 140</b>	-	<b>17 081</b>	-	-	<b>1 999 584</b>	<b>57 138 805</b>	<b>(17 490 211)</b>	-	<b>(2 685 884)</b>	-	<b>(466 269)</b>	<b>(20 642 364)</b>	<b>36 496 441</b>

# West Coast District Municipality

## Appendix B

June 2017

### Analysis of property, plant and equipment as at 30 June 2016

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
<b>Specialised vehicles</b>														
<b>Other assets</b>														
General vehicles	35 446 782	-	685 424	(1 635 626)	-	-	<b>34 496 580</b>	(23 464 733)	-	(1 949 375)	1 295 153	-	<b>(24 118 955)</b>	10 377 625
Audiovisual equipment	352 909	-	88 201	-	-	-	<b>441 110</b>	(294 003)	-	(39 343)	-	-	<b>(333 346)</b>	107 764
Computer equipment	4 533 055	-	494 884	(62 559)	-	-	<b>4 965 380</b>	(2 657 440)	-	(533 881)	46 918	-	<b>(3 144 403)</b>	1 820 977
Domestic equipment	36 736	-	9 346	(1 406)	-	-	<b>44 676</b>	(29 408)	-	(3 540)	1 306	-	<b>(31 642)</b>	13 034
Electrical wire and power distribution	351	-	8 903	-	-	-	<b>9 254</b>	(210)	-	(653)	-	-	<b>(863)</b>	8 391
Emergency / Rescue equipment	1 146 456	-	-	-	-	-	<b>1 146 456</b>	(345 899)	-	(108 167)	-	-	<b>(454 066)</b>	692 390
Elevator systems	6 398	-	-	-	-	-	<b>6 398</b>	(6 157)	-	(26)	-	-	<b>(6 183)</b>	215
Fire fighting equipment	2 607 222	-	1 320 279	-	-	-	<b>3 927 501</b>	(1 808 428)	-	(381 130)	-	-	<b>(2 189 558)</b>	1 737 943
Gardening equipment	174 583	-	-	-	-	-	<b>174 583</b>	(127 599)	-	(19 466)	-	-	<b>(147 065)</b>	27 518
Kitchen appliances	412 419	-	53 203	(4 279)	-	-	<b>461 343</b>	(284 096)	-	(22 985)	3 965	-	<b>(303 116)</b>	158 227
Laboratory equipment	531 913	-	44 937	(8 017)	-	-	<b>568 833</b>	(366 130)	-	(45 820)	7 796	-	<b>(404 154)</b>	164 679
Medical and Allied equipment	154 668	-	-	-	-	-	<b>154 668</b>	(105 800)	-	(15 761)	-	-	<b>(121 561)</b>	33 107
Pump / plumbing	40 843	-	135 126	-	-	-	<b>175 969</b>	(16 224)	-	(5 969)	-	-	<b>(22 193)</b>	153 776
Radio equipment	2 531 743	-	292 245	(195 114)	-	-	<b>2 628 874</b>	(1 235 074)	-	(265 920)	109 114	-	<b>(1 391 880)</b>	1 236 994
Security equipment	11 433	-	94 554	-	-	-	<b>105 987</b>	(1 700)	-	(9 026)	-	-	<b>(10 726)</b>	95 261
Workshop equipment	3 388 187	-	102 310	(205 933)	-	-	<b>3 284 564</b>	(2 683 111)	-	(208 620)	146 556	-	<b>(2 745 175)</b>	539 389
Air conditioners	763 673	-	41 744	-	-	-	<b>805 417</b>	(593 328)	-	(60 839)	-	-	<b>(654 167)</b>	151 250
Office Furniture	4 085 430	-	37 312	(118 929)	-	-	<b>4 003 813</b>	(3 335 889)	-	(186 537)	104 097	-	<b>(3 418 329)</b>	585 484
Domestic and Hostel furniture	1 528 181	-	72 897	-	-	-	<b>1 601 078</b>	(1 284 980)	-	(42 755)	-	-	<b>(1 327 735)</b>	273 343
Other	931 404	-	14 430	-	-	<b>600 619</b>	<b>1 546 453</b>	(566 737)	-	(87 898)	-	-	<b>(654 635)</b>	891 818
	<b>58 684 386</b>	-	<b>3 495 795</b>	<b>(2 231 863)</b>	-	<b>600 619</b>	<b>60 548 937</b>	<b>(39 206 946)</b>	-	<b>(3 987 711)</b>	<b>1 714 905</b>	-	<b>(41 479 752)</b>	<b>19 069 185</b>



# West Coast District Municipality

## Appendix B

June 2017

### Analysis of property, plant and equipment as at 30 June 2016

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	23 017 847	3 161 775	-	-	-	-	26 179 622	-	-	-	-	-	-	26 179 622
Infrastructure	339 045 784	-	2 895 573	(20 019 062)	-	(2 600 203)	319 322 092	(67 172 955)	-	(6 407 369)	-	466 269	(73 114 055)	246 208 037
Community Assets	55 122 140	-	17 081	-	-	1 999 584	57 138 805	(17 490 211)	-	(2 685 884)	-	(466 269)	(20 642 364)	36 496 441
Other assets	58 684 386	-	3 495 795	(2 231 863)	-	600 619	60 548 937	(39 206 946)	-	(3 987 711)	1 714 905	-	(41 479 752)	19 069 185
	<b>475 870 157</b>	<b>3 161 775</b>	<b>6 408 449</b>	<b>(22 250 925)</b>	-	-	<b>463 189 456</b>	<b>(123 870 112)</b>	-	<b>(13 080 964)</b>	<b>1 714 905</b>	-	<b>(135 236 171)</b>	<b>327 953 285</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	3 271 757	-	31 250	-	-	-	3 303 007	(1 790 560)	-	(483 544)	-	-	(2 274 104)	1 028 903
	<b>3 271 757</b>	-	<b>31 250</b>	-	-	-	<b>3 303 007</b>	<b>(1 790 560)</b>	-	<b>(483 544)</b>	-	-	<b>(2 274 104)</b>	<b>1 028 903</b>
<b>Investment properties</b>														
Investment property	5 508 050	-	-	-	-	-	5 508 050	(869 347)	-	(33 211)	-	-	(902 558)	4 605 492
	<b>5 508 050</b>	-	-	-	-	-	<b>5 508 050</b>	<b>(869 347)</b>	-	<b>(33 211)</b>	-	-	<b>(902 558)</b>	<b>4 605 492</b>
<b>Total</b>														
Land and buildings	23 017 847	3 161 775	-	-	-	-	26 179 622	-	-	-	-	-	-	26 179 622
Infrastructure	339 045 784	-	2 895 573	(20 019 062)	-	(2 600 203)	319 322 092	(67 172 955)	-	(6 407 369)	-	466 269	(73 114 055)	246 208 037
Community Assets	55 122 140	-	17 081	-	-	1 999 584	57 138 805	(17 490 211)	-	(2 685 884)	-	(466 269)	(20 642 364)	36 496 441
Other assets	58 684 386	-	3 495 795	(2 231 863)	-	600 619	60 548 937	(39 206 946)	-	(3 987 711)	1 714 905	-	(41 479 752)	19 069 185
Intangible assets	3 271 757	-	31 250	-	-	-	3 303 007	(1 790 560)	-	(483 544)	-	-	(2 274 104)	1 028 903
Investment properties	5 508 050	-	-	-	-	-	5 508 050	(869 347)	-	(33 211)	-	-	(902 558)	4 605 492
	<b>484 649 964</b>	<b>3 161 775</b>	<b>6 439 699</b>	<b>(22 250 925)</b>	-	-	<b>472 000 513</b>	<b>(126 530 019)</b>	-	<b>(13 597 719)</b>	<b>1 714 905</b>	-	<b>(138 412 833)</b>	<b>333 587 680</b>



# West Coast District Municipality

## Appendix D

June 2017

### Segmental Statement of Financial Performance for the year ended 30 June 2016 30 June 2017

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
<b>Municipality</b>						
1 970 816	18 774 734	(16 803 918)	Executive & Council/Mayor and Council	1 437 389	20 644 244	(19 206 855)
87 411 026	33 975 495	53 435 531	Finance & Admin/Finance	94 840 756	26 658 090	68 182 666
-	3 213 066	(3 213 066)	Planning and Development/Economic Development/Plan	56 949	3 151 409	(3 094 460)
8 198 528	18 481 246	(10 282 718)	Health/Clinics	9 125 696	21 717 968	(12 592 272)
1 628 481	1 335 627	292 854	Housing	1 922 610	1 138 869	783 741
10 847 861	33 238 735	(22 390 874)	Public Safety/Police	12 764 528	40 184 324	(27 419 796)
3 035 663	4 334 540	(1 298 877)	Sport and Recreation	3 654 806	4 856 106	(1 201 300)
147 971 623	130 565 320	17 406 303	Road Transport/Roads	124 392 718	113 086 677	11 306 041
114 799 245	110 569 060	4 230 185	Water/Water Distribution	115 845 342	92 932 869	22 912 473
<b>375 863 243</b>	<b>354 487 823</b>	<b>21 375 420</b>		<b>364 040 794</b>	<b>324 370 556</b>	<b>39 670 238</b>
<b>Municipal Owned Entities Other charges</b>						
375 863 243	354 487 823	21 375 420	Municipality	364 040 794	324 370 556	39 670 238
<b>375 863 243</b>	<b>354 487 823</b>	<b>21 375 420</b>	<b>Total</b>	<b>364 040 794</b>	<b>324 370 556</b>	<b>39 670 238</b>

# West Coast District Municipality

## Appendix A

June 2017

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2017

	Current year 2017	Current year 2017	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget		Var	
	Rand	Rand	Rand		
<b>Revenue</b>					
Service charges	114 320 616	112 744 440	1 576 176	1,4	
Rental of facilities and equipment	3 502 943	3 304 220	198 723	6,0	
Interest received - Investments	20 726 817	8 662 500	12 064 317	139,3	The municipality received a higher interest rate than expected.
Interest received - Debtors	32 505	28 090	4 415	15,7	Increase in outstanding debtors.
Licences and permits	-	20 000	(20 000)	(100,0)	No permits were issued for inland water.
Agency Services	122 703 242	123 470 000	(766 758)	(0,6)	
Transfers recognised - Operating	88 917 107	90 333 727	(1 416 620)	(1,6)	
Other revenue	13 837 562	11 480 360	2 357 202	20,5	Actuarial gain on Employee Benefits was higher than expected.
	<b>364 040 792</b>	<b>350 043 337</b>	<b>13 997 455</b>	<b>4,0</b>	
<b>Expenses</b>					
Employee costs	(155 586 891)	(159 016 500)	3 429 609	(2,2)	
Remuneration of councillors	(5 692 560)	(6 947 360)	1 254 800	(18,1)	Higher increase per the Remuneration of Public Office Bearers Act.
Debt impairment	-	(787 500)	787 500	(100,0)	The municipality corrected it's Bad Debt reserve, no contribution was needed.
Depreciation and asset impairment	(14 254 279)	(14 616 260)	361 981	(2,5)	
Finance charges	(7 276 198)	(9 298 640)	2 022 442	(21,7)	Interest of ABSA loan payable in August.
Bulk purchases	(11 524 754)	(10 300 000)	(1 224 754)	11,9	Increase in water tariffs due to drought conditions.
Other materials	(56 397 954)	(60 877 160)	4 479 206	(7,4)	Reclassifications per implementation of mSCOA from 1 July 2016.
Other expenditure	(73 966 143)	(85 516 617)	11 550 474	(13,5)	Reclassifications per implementation of mSCOA from 1 July 2016.
	<b>(324 698 779)</b>	<b>(347 360 037)</b>	<b>22 661 258</b>	<b>(6,5)</b>	
Other revenue and costs					

# West Coast District Municipality

## Appendix A

June 2017

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2017

	Current year 2017 Act. Bal.	Current year 2017 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Actuarial loss on road receivable	(526 821)	-	(526 821)	-
Loss on disposal of assets and liabilities,	(1 144 954)	-	(1 144 954)	-
	(1 671 775)	-	(1 671 775)	-
Net surplus/ (deficit) for the year	37 670 238	2 683 300	34 986 938	303,9

## West Coast District Municipality

### Appendix E(2)

June 2017

#### Budget Analysis of Capital Expenditure as at 30 June 2017

	<b>Additions</b>	<b>Revised Budget</b>	<b>Variance</b>	<b>Variance</b>	<b>Explanation of significant variances from budget</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>%</b>	
<b>Municipality</b>					
Executive & Council/Mayor and Council	8 320	10 000	1 680	<b>17</b>	Savings on project
Finance & Admin/Finance	588 747	565 800	(22 947)	<b>(4)</b>	
Health	25 483	28 100	2 617	<b>9</b>	
Public Safety	2 661 798	2 894 880	233 082	<b>8</b>	
Sport and Recreation	115 544	116 000	456	-	
Water/Water Distribution	7 451 801	7 690 000	238 199	<b>3</b>	
	<b>10 851 693</b>	<b>11 304 780</b>	<b>453 087</b>	<b>4</b>	

West Coast District Municipality

Appendix F

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

June 2017

Name of Grants	Quarterly Receipts					Quarterly Expenditure					Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	
EPWP Grant	300 000	-	259 000	466 000	311 000	209 847	189 521	101 232	286 666	324 346	Yes
FMG Grant	-	-	1 250 000	-	-	308 681	389 304	59 560	263 292	303 675	Yes
Mayor fund	-	314 781	-	-	-	(2 189)	311 223	3 000	3 000	1 000	Yes
Rural roads management Capacity	-	-	1 300 000	1 124 000	-	1 707 722	(2 685)	170 091	1 124 827	169 475	Yes
building health MSIG	180 000	-	-	-	-	-	51 406	26 774	44 977	67 459	Yes
Work for water	-	-	-	-	-	215 405	432 243	-	-	110 526	Yes
Provincial finance management grant	558 265	-	172 886	586 442	240 670	102 680	235 328	107 429	159 257	315 882	Yes
Rainwater tanks	350 000	650 000	-	-	-	112 745	166 922	81 905	45 372	92 365	Yes
Provincial : Local government internship	78 823	179 795	-	-	-	253 998	(34 252)	-	54 886	-	Yes
Provincial : mSCOA	-	-	-	-	180 000	-	-	-	-	-	Yes
	-	-	-	-	220 000	-	-	-	-	-	Yes
	1 467 088	1 144 576	2 981 886	2 176 442	951 670	2 908 889	1 739 010	549 991	1 982 277	1 384 728	

# West Coast District Municipality

## Appendix A

June 2017

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2017

	Current year 2017	Current year 2017	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget		Var	
	Rand	Rand	Rand		
<b>Revenue</b>					
Service charges	114 320 616	112 744 440	1 576 176	1,4	
Rental of facilities and equipment	3 502 943	3 304 220	198 723	6,0	
Interest received - Investments	20 726 817	8 662 500	12 064 317	139,3	The municipality received a higher interest rate than expected.
Interest received - Debtors	32 505	28 090	4 415	15,7	Increase in outstanding debtors.
Licences and permits	-	20 000	(20 000)	(100,0)	No permits were issued for inland water.
Agency Services	122 703 242	123 470 000	(766 758)	(0,6)	
Transfers recognised - Operating	88 917 107	90 333 727	(1 416 620)	(1,6)	
Other revenue	13 837 562	11 480 360	2 357 202	20,5	Actuarial gain on Employee Benefits was higher than expected.
	<b>364 040 792</b>	<b>350 043 337</b>	<b>13 997 455</b>	<b>4,0</b>	
<b>Expenses</b>					
Employee costs	(155 586 891)	(159 016 500)	3 429 609	(2,2)	
Remuneration of councillors	(5 692 560)	(6 947 360)	1 254 800	(18,1)	Higher increase per the Remuneration of Public Office Bearers Act.
Debt impairment	-	(787 500)	787 500	(100,0)	The municipality corrected it's Bad Debt reserve, no contribution was needed.
Depreciation and asset impairment	(14 254 279)	(14 616 260)	361 981	(2,5)	
Finance charges	(7 276 198)	(9 298 640)	2 022 442	(21,7)	Interest of ABSA loan payable in August.
Bulk purchases	(11 524 754)	(10 300 000)	(1 224 754)	11,9	Increase in water tariffs due to drought conditions.
Other materials	(56 397 954)	(60 877 160)	4 479 206	(7,4)	Reclassifications per implementation of mSCOA from 1 July 2016.
Other expenditure	(73 966 143)	(85 516 617)	11 550 474	(13,5)	Reclassifications per implementation of mSCOA from 1 July 2016.
	<b>(324 698 779)</b>	<b>(347 360 037)</b>	<b>22 661 258</b>	<b>(6,5)</b>	
Other revenue and costs					



# West Coast District Municipality

## Appendix A

June 2017

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2017

	<b>Current year 2017 Act. Bal.</b>	<b>Current year 2017 Adjusted budget</b>	<b>Variance</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
Actuarial loss on road receivable	(526 821)	-	(526 821)	-
Loss on disposal of assets and liabilities,	(1 144 954)	-	(1 144 954)	-
	(1 671 775)	-	(1 671 775)	-
Net surplus/ (deficit) for the year	37 670 238	2 683 300	34 986 938	303,9

# West Coast District Municipality

## Appendix B

June 2017

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

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	26 179 622	-	-	-	-	-	26 179 622	-	-	-	-	-	-	26 179 622
	<b>26 179 622</b>	-	-	-	-	-	<b>26 179 622</b>	-	-	-	-	-	-	<b>26 179 622</b>
<b>Infrastructure</b>														
Electricity supply / Reticulation	449 112	-	-	-	-	-	449 112	(107 091)	-	(9 187)	-	-	(116 278)	332 834
Transformers	323 519	-	-	-	-	-	323 519	(65 180)	-	(6 689)	-	-	(71 869)	251 650
Cables	181 753	-	-	-	-	-	181 753	(39 196)	-	(4 038)	-	-	(43 234)	138 519
Mini sub stations	216 440	-	-	-	-	-	216 440	(75 553)	-	(7 082)	-	-	(82 635)	133 805
Water purifications	47 638 430	-	-	-	-	-	47 638 430	(5 882 730)	-	(675 124)	-	-	(6 557 854)	41 080 576
Water Reticulation	144 443 479	-	3 742 122	-	-	-	148 185 601	(44 208 675)	-	(3 191 419)	-	-	(47 400 094)	100 785 507
Dams	482 718	-	-	-	-	-	482 718	(288 853)	-	(22 991)	-	-	(311 844)	170 874
Pump Stations	7 412 104	-	9 260	-	-	-	7 421 364	(1 644 986)	-	(185 880)	-	-	(1 830 866)	5 590 498
Reservoirs	111 681 119	-	1 610	-	-	-	111 682 729	(19 531 369)	-	(2 257 135)	-	-	(21 788 504)	89 894 225
Waste Purification	5 524 730	-	-	-	-	-	5 524 730	(954 668)	-	(77 336)	-	-	(1 032 004)	4 492 726
Substation Switch Gear	418 683	-	-	-	-	-	418 683	(105 771)	-	(10 455)	-	-	(116 226)	302 457
Electric Panels	44	-	-	-	-	-	44	(10)	-	(1)	-	-	(11)	33
Electricity Perimeter Protection	56 560	-	-	-	-	-	56 560	(21 098)	-	(2 262)	-	-	(23 360)	33 200
Other	493 401	-	-	-	-	-	493 401	(97 985)	-	(31 479)	-	-	(129 464)	363 937
	<b>319 322 092</b>	-	<b>3 752 992</b>	-	-	-	<b>323 075 084</b>	<b>(73 114 055)</b>	-	<b>(6 481 078)</b>	-	-	<b>(79 595 133)</b>	<b>243 479 951</b>
<b>Community Assets</b>														
Residences (Personnel)	5 592 082	-	120 043	-	-	-	5 712 125	(1 302 280)	-	(79 306)	-	-	(1 381 586)	4 330 539
Warehouses	1 816 003	-	-	-	-	-	1 816 003	(855 788)	-	(90 767)	-	-	(946 555)	869 448
Community halls	968 437	-	-	-	-	-	968 437	(391 787)	-	(35 236)	-	-	(427 023)	541 414
Office Buildings	6 693 328	-	91 581	(178 270)	-	-	6 606 639	(2 668 038)	-	(335 616)	78 002	-	(2 925 652)	3 680 987
Recreational facilities	136 642	-	-	-	-	-	136 642	(54 107)	-	(6 547)	-	-	(60 654)	75 988
Clinics	1 602 754	-	-	-	-	-	1 602 754	(215 366)	-	(44 494)	-	-	(259 860)	1 342 894
Non residential perimeter protection	19 046	-	-	-	-	-	19 046	(248 519)	-	(766)	-	-	(249 285)	(230 239)
Ablution / Public Facilities	60 000	-	-	-	-	-	60 000	(45 000)	-	(2 999)	-	-	(47 999)	12 001
Workshops / Store Rooms	1 982 728	-	-	-	-	-	1 982 728	(587 063)	-	(217 941)	-	-	(805 004)	1 177 724
Public Parking	1 004 546	-	-	-	-	-	1 004 546	(401 833)	-	(20 225)	-	-	(422 058)	582 488
Fire, safety & emergency	36 190 633	-	372 675	-	-	-	36 563 308	(13 464 930)	-	(1 812 753)	-	-	(15 277 683)	21 285 625
Car Ports / Garage	379 564	-	-	-	-	-	379 564	(151 158)	-	(18 851)	-	-	(170 009)	209 555
Internal Roads	693 042	-	-	-	-	-	693 042	(256 495)	-	(24 884)	-	-	(281 379)	411 663
	<b>57 138 805</b>	-	<b>584 299</b>	<b>(178 270)</b>	-	-	<b>57 544 834</b>	<b>(20 642 364)</b>	-	<b>(2 690 385)</b>	<b>78 002</b>	-	<b>(23 254 747)</b>	<b>34 290 087</b>



# West Coast District Municipality

## Appendix B

June 2017

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

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	26 179 622	-	-	-	-	-	<b>26 179 622</b>	-	-	-	-	-	-	26 179 622
Infrastructure	319 322 092	-	3 752 992	-	-	-	<b>323 075 084</b>	(73 114 055)	-	(6 481 078)	-	-	<b>(79 595 133)</b>	243 479 951
Community Assets	57 138 805	-	584 299	(178 270)	-	-	<b>57 544 834</b>	(20 642 364)	-	(2 690 385)	78 002	-	<b>(23 254 747)</b>	34 290 087
Other assets	60 548 935	-	6 530 106	(2 910 580)	-	-	<b>64 168 461</b>	(41 479 752)	-	(4 562 941)	1 712 144	-	<b>(44 330 549)</b>	19 837 912
	<b>463 189 454</b>	-	<b>10 867 397</b>	<b>(3 088 850)</b>	-	-	<b>470 968 001</b>	<b>(135 236 171)</b>	-	<b>(13 734 404)</b>	<b>1 790 146</b>	-	<b>(147 180 429)</b>	<b>323 787 572</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	3 303 007	-	-	(31 250)	-	-	<b>3 271 757</b>	(2 274 104)	-	(486 664)	9 374	-	<b>(2 751 394)</b>	520 363
	<b>3 303 007</b>	-	-	<b>(31 250)</b>	-	-	<b>3 271 757</b>	<b>(2 274 104)</b>	-	<b>(486 664)</b>	<b>9 374</b>	-	<b>(2 751 394)</b>	<b>520 363</b>
<b>Investment properties</b>														
Investment property	5 508 050	-	-	-	-	-	<b>5 508 050</b>	(902 558)	-	(33 210)	-	-	<b>(935 768)</b>	4 572 282
	<b>5 508 050</b>	-	-	-	-	-	<b>5 508 050</b>	<b>(902 558)</b>	-	<b>(33 210)</b>	-	-	<b>(935 768)</b>	<b>4 572 282</b>
<b>Total</b>														
Land and buildings	26 179 622	-	-	-	-	-	<b>26 179 622</b>	-	-	-	-	-	-	26 179 622
Infrastructure	319 322 092	-	3 752 992	-	-	-	<b>323 075 084</b>	(73 114 055)	-	(6 481 078)	-	-	<b>(79 595 133)</b>	243 479 951
Community Assets	57 138 805	-	584 299	(178 270)	-	-	<b>57 544 834</b>	(20 642 364)	-	(2 690 385)	78 002	-	<b>(23 254 747)</b>	34 290 087
Other assets	60 548 935	-	6 530 106	(2 910 580)	-	-	<b>64 168 461</b>	(41 479 752)	-	(4 562 941)	1 712 144	-	<b>(44 330 549)</b>	19 837 912
Intangible assets	3 303 007	-	-	(31 250)	-	-	<b>3 271 757</b>	(2 274 104)	-	(486 664)	9 374	-	<b>(2 751 394)</b>	520 363
Investment properties	5 508 050	-	-	-	-	-	<b>5 508 050</b>	(902 558)	-	(33 210)	-	-	<b>(935 768)</b>	4 572 282
	<b>472 000 511</b>	-	<b>10 867 397</b>	<b>(3 120 100)</b>	-	-	<b>479 747 808</b>	<b>(138 412 833)</b>	-	<b>(14 254 278)</b>	<b>1 799 520</b>	-	<b>(150 867 591)</b>	<b>328 880 217</b>

**West Coast District Municipality  
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2016  
Cost/Revaluation Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	23 017 847	3 161 775	-	-	-	-	26 179 622	-	-	-	-	-	-	26 179 622
	<b>23 017 847</b>	<b>3 161 775</b>	-	-	-	-	<b>26 179 622</b>	-	-	-	-	-	-	<b>26 179 622</b>
<b>Infrastructure</b>														
Roads, Pavements & Bridges	225 425	-	-	-	-	(225 425)	-	(90 890)	-	-	-	-	(90 890)	(90 890)
Electricity supply / Reticulation	21 521	-	-	-	-	427 591	449 112	(10 458)	-	(11 228)	-	(85 405)	(107 091)	342 021
Transformers	257 896	-	-	-	-	65 623	323 519	(76 760)	-	(6 690)	-	18 270	(65 180)	258 339
Cables	181 753	-	-	-	-	-	181 753	(25 761)	-	(4 039)	-	(9 396)	(39 196)	142 557
Mini sub stations	200 624	-	-	-	-	15 816	216 440	(88 994)	-	(7 083)	-	20 524	(75 553)	140 887
Water purifications	48 402 490	-	2 432 357	-	-	(3 196 417)	47 638 430	(13 142 205)	-	(700 410)	-	7 959 885	(5 882 730)	41 755 700
Water Reticulation	165 008 496	-	463 216	(19 136 797)	-	(1 891 436)	144 443 479	(26 876 153)	-	(3 190 034)	-	(14 142 488)	(44 208 675)	100 234 804
Dams	110 344	-	-	-	-	372 374	482 718	(23 552)	-	(22 993)	-	(242 308)	(288 853)	193 865
Pump Stations	9 558 693	-	-	-	-	(2 146 589)	7 412 104	(2 298 074)	-	(185 841)	-	838 929	(1 644 986)	5 767 118
Reservoirs	108 671 547	-	-	-	-	3 009 572	111 681 119	(23 585 440)	-	(2 257 150)	-	6 311 221	(19 531 369)	92 149 750
Waste Purifications	5 524 730	-	-	-	-	-	5 524 730	(954 668)	-	-	-	-	(954 668)	4 570 062
Landfil Sites	882 265	-	-	(882 265)	-	-	-	-	-	-	-	-	-	-
Substation Switch Gear	-	-	-	-	-	418 683	418 683	-	-	(10 454)	-	(95 317)	(105 771)	312 912
Electrical Panels	-	-	-	-	-	44	44	-	-	1	-	(11)	(10)	34
Electrical Perimeter Protection	-	-	-	-	-	56 560	56 560	-	-	(2 262)	-	(18 836)	(21 098)	35 462
Other	-	-	-	-	-	493 401	493 401	-	-	(9 186)	-	(88 799)	(97 985)	395 416
	<b>339 045 784</b>	-	<b>2 895 573</b>	<b>(20 019 062)</b>	-	<b>(2 600 203)</b>	<b>319 322 092</b>	<b>(67 172 955)</b>	-	<b>(6 407 369)</b>	-	<b>466 269</b>	<b>(73 114 055)</b>	<b>246 208 037</b>
<b>Community Assets</b>														
Residences (Personnel)	5 431 361	-	-	-	-	160 721	5 592 082	(2 044 585)	-	(187 925)	-	930 230	(1 302 280)	4 289 802
Warehouses	1 556 144	-	-	-	-	259 859	1 816 003	(631 069)	-	(90 768)	-	(133 951)	(855 788)	960 215
Community halls	960 019	-	-	-	-	8 418	968 437	(400 175)	-	(35 236)	-	43 624	(391 787)	576 650
Office Buildings	6 689 126	-	-	-	-	4 202	6 693 328	(2 706 077)	-	(334 658)	-	372 697	(2 668 038)	4 025 290
Recreational facilities	226 945	-	17 081	-	-	(107 384)	136 642	(61 295)	-	(6 279)	-	13 467	(54 107)	82 535
Clinics	1 158 390	-	-	-	-	444 364	1 602 754	(425 300)	-	(44 495)	-	254 429	(215 366)	1 387 388
Non residential perimeter protection	19 046	-	-	-	-	-	19 046	(6 863)	-	(767)	-	(240 889)	(248 519)	(229 473)
Ablution / Public Facilities	75 000	-	-	-	-	(15 000)	60 000	(30 804)	-	(2 999)	-	(11 197)	(45 000)	15 000
Workshops / Store Rooms	2 205 613	-	-	-	-	(222 885)	1 982 728	(574 546)	-	(79 307)	-	66 790	(587 063)	1 395 665
Public Parking	609 863	-	-	-	-	394 683	1 004 546	(252 251)	-	(50 226)	-	(99 356)	(401 833)	602 713
Fire, safety & emergency	36 190 633	-	-	-	-	-	36 190 633	(10 357 246)	-	(1 809 488)	-	(1 298 196)	(13 464 930)	22 725 703
Car Ports / Garage	-	-	-	-	-	379 564	379 564	-	-	(18 851)	-	(132 307)	(151 158)	228 406
Internal Roads	-	-	-	-	-	693 042	693 042	-	-	(24 885)	-	(231 610)	(256 495)	436 547
	<b>55 122 140</b>	-	<b>17 081</b>	-	-	<b>1 999 584</b>	<b>57 138 805</b>	<b>(17 490 211)</b>	-	<b>(2 685 884)</b>	-	<b>(466 269)</b>	<b>(20 642 364)</b>	<b>36 496 441</b>

# West Coast District Municipality

## Appendix B

June 2017

### Analysis of property, plant and equipment as at 30 June 2016

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
<b>Specialised vehicles</b>														
<b>Other assets</b>														
General vehicles	35 446 782	-	685 424	(1 635 626)	-	-	<b>34 496 580</b>	(23 464 733)	-	(1 949 375)	1 295 153	-	<b>(24 118 955)</b>	10 377 625
Audiovisual equipment	352 909	-	88 201	-	-	-	<b>441 110</b>	(294 003)	-	(39 343)	-	-	<b>(333 346)</b>	107 764
Computer equipment	4 533 055	-	494 884	(62 559)	-	-	<b>4 965 380</b>	(2 657 440)	-	(533 881)	46 918	-	<b>(3 144 403)</b>	1 820 977
Domestic equipment	36 736	-	9 346	(1 406)	-	-	<b>44 676</b>	(29 408)	-	(3 540)	1 306	-	<b>(31 642)</b>	13 034
Electrical wire and power distribution	351	-	8 903	-	-	-	<b>9 254</b>	(210)	-	(653)	-	-	<b>(863)</b>	8 391
Emergency / Rescue equipment	1 146 456	-	-	-	-	-	<b>1 146 456</b>	(345 899)	-	(108 167)	-	-	<b>(454 066)</b>	692 390
Elevator systems	6 398	-	-	-	-	-	<b>6 398</b>	(6 157)	-	(26)	-	-	<b>(6 183)</b>	215
Fire fighting equipment	2 607 222	-	1 320 279	-	-	-	<b>3 927 501</b>	(1 808 428)	-	(381 130)	-	-	<b>(2 189 558)</b>	1 737 943
Gardening equipment	174 583	-	-	-	-	-	<b>174 583</b>	(127 599)	-	(19 466)	-	-	<b>(147 065)</b>	27 518
Kitchen appliances	412 419	-	53 203	(4 279)	-	-	<b>461 343</b>	(284 096)	-	(22 985)	3 965	-	<b>(303 116)</b>	158 227
Laboratory equipment	531 913	-	44 937	(8 017)	-	-	<b>568 833</b>	(366 130)	-	(45 820)	7 796	-	<b>(404 154)</b>	164 679
Medical and Allied equipment	154 668	-	-	-	-	-	<b>154 668</b>	(105 800)	-	(15 761)	-	-	<b>(121 561)</b>	33 107
Pump / plumbing	40 843	-	135 126	-	-	-	<b>175 969</b>	(16 224)	-	(5 969)	-	-	<b>(22 193)</b>	153 776
Radio equipment	2 531 743	-	292 245	(195 114)	-	-	<b>2 628 874</b>	(1 235 074)	-	(265 920)	109 114	-	<b>(1 391 880)</b>	1 236 994
Security equipment	11 433	-	94 554	-	-	-	<b>105 987</b>	(1 700)	-	(9 026)	-	-	<b>(10 726)</b>	95 261
Workshop equipment	3 388 187	-	102 310	(205 933)	-	-	<b>3 284 564</b>	(2 683 111)	-	(208 620)	146 556	-	<b>(2 745 175)</b>	539 389
Air conditioners	763 673	-	41 744	-	-	-	<b>805 417</b>	(593 328)	-	(60 839)	-	-	<b>(654 167)</b>	151 250
Office Furniture	4 085 430	-	37 312	(118 929)	-	-	<b>4 003 813</b>	(3 335 889)	-	(186 537)	104 097	-	<b>(3 418 329)</b>	585 484
Domestic and Hostel furniture	1 528 181	-	72 897	-	-	-	<b>1 601 078</b>	(1 284 980)	-	(42 755)	-	-	<b>(1 327 735)</b>	273 343
Other	931 404	-	14 430	-	-	<b>600 619</b>	<b>1 546 453</b>	(566 737)	-	(87 898)	-	-	<b>(654 635)</b>	891 818
	<b>58 684 386</b>	-	<b>3 495 795</b>	<b>(2 231 863)</b>	-	<b>600 619</b>	<b>60 548 937</b>	<b>(39 206 946)</b>	-	<b>(3 987 711)</b>	<b>1 714 905</b>	-	<b>(41 479 752)</b>	<b>19 069 185</b>

# West Coast District Municipality

## Appendix B

June 2017

### Analysis of property, plant and equipment as at 30 June 2016

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Correction Rand	Additions Rand	Disposals Rand	Reclassification Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	23 017 847	3 161 775	-	-	-	-	26 179 622	-	-	-	-	-	-	26 179 622
Infrastructure	339 045 784	-	2 895 573	(20 019 062)	-	(2 600 203)	319 322 092	(67 172 955)	-	(6 407 369)	-	466 269	(73 114 055)	246 208 037
Community Assets	55 122 140	-	17 081	-	-	1 999 584	57 138 805	(17 490 211)	-	(2 685 884)	-	(466 269)	(20 642 364)	36 496 441
Other assets	58 684 386	-	3 495 795	(2 231 863)	-	600 619	60 548 937	(39 206 946)	-	(3 987 711)	1 714 905	-	(41 479 752)	19 069 185
	<b>475 870 157</b>	<b>3 161 775</b>	<b>6 408 449</b>	<b>(22 250 925)</b>	-	-	<b>463 189 456</b>	<b>(123 870 112)</b>	-	<b>(13 080 964)</b>	<b>1 714 905</b>	-	<b>(135 236 171)</b>	<b>327 953 285</b>
<b>Agricultural/Biological assets</b>														
<b>Intangible assets</b>														
Computers - software & programming	3 271 757	-	31 250	-	-	-	3 303 007	(1 790 560)	-	(483 544)	-	-	(2 274 104)	1 028 903
	<b>3 271 757</b>	-	<b>31 250</b>	-	-	-	<b>3 303 007</b>	<b>(1 790 560)</b>	-	<b>(483 544)</b>	-	-	<b>(2 274 104)</b>	<b>1 028 903</b>
<b>Investment properties</b>														
Investment property	5 508 050	-	-	-	-	-	5 508 050	(869 347)	-	(33 211)	-	-	(902 558)	4 605 492
	<b>5 508 050</b>	-	-	-	-	-	<b>5 508 050</b>	<b>(869 347)</b>	-	<b>(33 211)</b>	-	-	<b>(902 558)</b>	<b>4 605 492</b>
<b>Total</b>														
Land and buildings	23 017 847	3 161 775	-	-	-	-	26 179 622	-	-	-	-	-	-	26 179 622
Infrastructure	339 045 784	-	2 895 573	(20 019 062)	-	(2 600 203)	319 322 092	(67 172 955)	-	(6 407 369)	-	466 269	(73 114 055)	246 208 037
Community Assets	55 122 140	-	17 081	-	-	1 999 584	57 138 805	(17 490 211)	-	(2 685 884)	-	(466 269)	(20 642 364)	36 496 441
Other assets	58 684 386	-	3 495 795	(2 231 863)	-	600 619	60 548 937	(39 206 946)	-	(3 987 711)	1 714 905	-	(41 479 752)	19 069 185
Intangible assets	3 271 757	-	31 250	-	-	-	3 303 007	(1 790 560)	-	(483 544)	-	-	(2 274 104)	1 028 903
Investment properties	5 508 050	-	-	-	-	-	5 508 050	(869 347)	-	(33 211)	-	-	(902 558)	4 605 492
	<b>484 649 964</b>	<b>3 161 775</b>	<b>6 439 699</b>	<b>(22 250 925)</b>	-	-	<b>472 000 513</b>	<b>(126 530 019)</b>	-	<b>(13 597 719)</b>	<b>1 714 905</b>	-	<b>(138 412 833)</b>	<b>333 587 680</b>





# West Coast District Municipality

## Appendix D

June 2017

### Segmental Statement of Financial Performance for the year ended 30 June 2016 30 June 2017

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
<b>Municipality</b>						
1 970 816	18 774 734	(16 803 918)	Executive & Council/Mayor and Council	1 437 389	20 644 244	(19 206 855)
87 411 026	33 975 495	53 435 531	Finance & Admin/Finance	94 840 756	26 658 090	68 182 666
-	3 213 066	(3 213 066)	Planning and Development/Economic Development/Plan	56 949	3 151 409	(3 094 460)
8 198 528	18 481 246	(10 282 718)	Health/Clinics	9 125 696	21 717 968	(12 592 272)
1 628 481	1 335 627	292 854	Housing	1 922 610	1 138 869	783 741
10 847 861	33 238 735	(22 390 874)	Public Safety/Police	12 764 528	40 184 324	(27 419 796)
3 035 663	4 334 540	(1 298 877)	Sport and Recreation	3 654 806	4 856 106	(1 201 300)
147 971 623	130 565 320	17 406 303	Road Transport/Roads	124 392 718	113 086 677	11 306 041
114 799 245	110 569 060	4 230 185	Water/Water Distribution	115 845 342	92 932 869	22 912 473
<b>375 863 243</b>	<b>354 487 823</b>	<b>21 375 420</b>		<b>364 040 794</b>	<b>324 370 556</b>	<b>39 670 238</b>
<b>Municipal Owned Entities Other charges</b>						
375 863 243	354 487 823	21 375 420	Municipality	364 040 794	324 370 556	39 670 238
<b>375 863 243</b>	<b>354 487 823</b>	<b>21 375 420</b>	<b>Total</b>	<b>364 040 794</b>	<b>324 370 556</b>	<b>39 670 238</b>

**West Coast District Municipality**

**Appendix E (1)**

June 2017

**Schedule of external loans as at 30 June 2017**

<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2016</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2017</b>	<b>Carrying Value of Property, Plant &amp; Equip</b>	<b>Other Costs in accordance with the MFMA</b>
		<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>
<b>External Loans</b>							
Sanlam Credit Conduit (Pty) Ltd	1	30/06/2018	9 418 330	-	4 422 283	4 996 047	-
DBSA	1	30/06/2020	21 793 217	-	4 544 644	17 248 573	-
ABSA	1	31/12/2021	22 026 457	-	3 524 926	18 501 531	-
DBSA	1	31/10/2022	19 500 000	-	3 000 000	16 500 000	-
			<b>72 738 004</b>	<b>-</b>	<b>15 491 853</b>	<b>57 246 151</b>	<b>-</b>

## West Coast District Municipality

### Appendix E(2)

June 2017

#### Budget Analysis of Capital Expenditure as at 30 June 2017

	<b>Additions</b>	<b>Revised Budget</b>	<b>Variance</b>	<b>Variance</b>	<b>Explanation of significant variances from budget</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>%</b>	
<b>Municipality</b>					
Executive & Council/Mayor and Council	8 320	10 000	1 680	<b>17</b>	Savings on project
Finance & Admin/Finance	588 747	565 800	(22 947)	<b>(4)</b>	
Health	25 483	28 100	2 617	<b>9</b>	
Public Safety	2 661 798	2 894 880	233 082	<b>8</b>	
Sport and Recreation	115 544	116 000	456	-	
Water/Water Distribution	7 451 801	7 690 000	238 199	<b>3</b>	
	<b>10 851 693</b>	<b>11 304 780</b>	<b>453 087</b>	<b>4</b>	

West Coast District Municipality

Appendix F

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

June 2017

Name of Grants	Quarterly Receipts					Quarterly Expenditure					Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	
EPWP Grant	300 000	-	259 000	466 000	311 000	209 847	189 521	101 232	286 666	324 346	Yes
FMG Grant	-	-	1 250 000	-	-	308 681	389 304	59 560	263 292	303 675	Yes
Mayor fund	-	314 781	-	-	-	(2 189)	311 223	3 000	3 000	1 000	Yes
Rural roads management Capacity	-	-	1 300 000	1 124 000	-	1 707 722	(2 685)	170 091	1 124 827	169 475	Yes
building health MSIG	180 000	-	-	-	-	-	51 406	26 774	44 977	67 459	Yes
Work for water	-	-	-	-	-	215 405	432 243	-	-	110 526	Yes
Provincial finance management grant	558 265	-	172 886	586 442	240 670	102 680	235 328	107 429	159 257	315 882	Yes
Rainwater tanks	350 000	650 000	-	-	-	112 745	166 922	81 905	45 372	92 365	Yes
Provincial : Local government internship	78 823	179 795	-	-	-	253 998	(34 252)	-	54 886	-	Yes
Provincial : mSCOA	-	-	-	-	180 000	-	-	-	-	-	Yes
	-	-	-	-	220 000	-	-	-	-	-	Yes
	1 467 088	1 144 576	2 981 886	2 176 442	951 670	2 908 889	1 739 010	549 991	1 982 277	1 384 728	