WEST COAST DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

General Information

Mayoral committee	Ald J H Cleophas (Executive Mayor) Cllr R W Strydom (Deputy Executive Mayor) Cllr R E Swarts (Speaker) Cllr J A Engelbrecht Ald F J Schippers Ald B J Stanley Cllr V D McQuire
Councillors	Cllr S A Gxabalashe Cllr G Stephan Cllr B F Zass Cllr J Alexander Cllr J J Hoop Cllr J de Jongh Cllr M Carosini Cllr G Kordom Cllr R V Pretorius Ald S I J Smit Cllr J C Botha Cllr E B Mankay Ald E Nackerdien Cllr M Schrader Cllr B J Penxa Cllr C H Papers Ald E Plaatjies
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 of SA Registered Auditors
Telephone	022 - 433 8400
Fax	086 692 6113
Accounting Officer	Mr D C Joubert
Chief Financial Officer (CFO)	Dr J C P Tesselaar

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

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I AM RESPONSIBLE FOR THE PREPARATION OF THESE ANNUAL FINANCIAL STATEMENTS, WHICH ARE SET OUT ON PAGES 3 TO 95, IN TERMS OF SECTION 126 (1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, AND WHICH I HAVE SIGNED ON BEHALF OF THE MUNICIPALITY.

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

Mr D C Joubert
Municipal Manager - 28 February 2021

Dr J C P Tesselaar
Chief Financial Officer - 28 February 2021

West Coast District Municipality
Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated
Assets			
Current Assets			
Cash and cash equivalents	6	331 721 107	306 612 607
Trade receivables from exchange transactions	5	11 892 444	11 720 717
Other receivables from exchange transactions	4	23 604 196	21 098 046
Inventories	3	8 619 031	7 684 114
Employee benefit - road receivable	15	1 418 380	1 295 557
Current portion of asset receivable - local municipalities	52	8 381 730	14 728 192
VAT receivable	11	10 218 238	715 765
		396 855 126	**363 854 998**
Non-Current Assets			
Investment property	7	4 477 286	4 505 862
Property, plant and equipment	8	81 118 991	78 270 800
Intangible assets	9	1 369 611	2 721 842
Employee benefit - road receivable	15	17 462 776	18 965 822
Asset receivable - local municipalities	52	4 742 012	11 066 453
		109 170 676	**115 530 779**
Total Assets		**505 025 802**	**479 385 777**
Liabilities			
Current Liabilities			
Trade payables from exchange transactions	10	26 852 505	18 883 555
Unspent conditional grants and subsidies	12	1 367 061	1 291 586
Employee benefits	13	10 527 699	10 103 753
Distribution provision	50	50 105 740	32 331 767
Current portion of long-term liabilities	14&28	8 381 730	14 728 192
		97 234 735	**77 338 853**
Non-Current Liabilities			
Medical aid benefits	15	58 542 802	66 074 747
Long service awards	16	8 320 792	7 739 359
Long-term liabilities	14	4 742 012	12 881 730
		71 605 606	**86 695 836**
Total Liabilities		**168 840 341**	**164 034 689**
Net Assets		**336 185 461**	**315 351 088**
Accumulated surplus	17	336 185 461	315 351 088

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated
Revenue			
Revenue from exchange transactions			
Service concession revenue	18	82 449 591	80 294 718
Roads agency services	42	139 515 283	138 309 015
Other revenue	19	4 807 218	4 929 966
Fees earned	48	303 407	446 183
Resort income	7	3 923 329	4 252 735
Finance income	44	25 901 775	27 904 480
Total revenue from exchange transactions		256 900 603	256 137 097
Revenue from non-exchange transactions			
Other revenue	19	10 129 423	908 074
Actuarial gains recognised - employee benefits	15&43	13 936 324	6 470 442
Government grants & subsidies	20	100 483 627	96 845 798
Gain on disposal of assets	8	-	42 338
Total revenue from non-exchange transactions		124 549 374	104 266 652
Total revenue		381 449 977	360 403 749
Expenditure			
Employee related costs	21	(188 164 520)	(176 181 125)
Remuneration of councillors	22	(6 724 574)	(6 139 696)
Depreciation and amortisation	7&8&9	(9 401 281)	(8 754 952)
Finance costs	23	(2 202 936)	(3 663 215)
Materials and supplies	47	(32 866 113)	(40 468 471)
Allowance for impairment	45	(604 560)	(226 942)
Bulk purchases	24	(8 758 774)	(8 351 000)
Transfers and subsidies	49	(3 707 454)	(2 233 895)
General expenses	25	(105 961 122)	(92 587 808)
Total expenditure		(358 391 334)	(338 607 104)
Loss on the disposal of assets	8	(33 847)	-
Actuarial loss on road receivable	15	(2 190 423)	(4 657 390)
(Deficit) surplus for the year		20 834 373	17 139 255

West Coast District Municipality
Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Restated* Balance at 01 July 2018	**297 755 063**	**297 755 063**
Changes in net assets		
Correction of error (Refer to note 26)	456 770	456 770
(Deficit) surplus for the year	17 139 255	17 139 255
Restated* Balance at 01 July 2019	**315 351 088**	**315 351 088**
Changes in net assets		
(Deficit) / surplus for the year	20 834 373	20 834 373
Balance at 30 June 2020	**336 185 461**	**336 185 461**

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated
Cash flows from operating activities			
Receipts			
Cash receipts from rate payers, government and other		228 049 727	191 327 589
Road services		128 064 503	123 859 995
Interest income		25 901 775	27 904 480
		382 016 005	343 092 064
Payments			
Employee costs		(197 804 775)	(176 736 593)
Suppliers		(131 511 282)	(103 588 016)
Finance costs		(2 202 935)	(3 663 215)
		(331 518 992)	(283 987 824)
Net cash flows from operating activities	27	**50 497 013**	**59 104 240**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(10 932 079)	(9 420 650)
Proceeds from sale of property, plant and equipment	8	29 747	200 713
Net cash flows from investing activities		**(10 902 332)**	**(9 219 937)**
Cash flows from financing activities			
Movement in long - term liability	14	(14 486 181)	(13 079 773)
Net increase/(decrease) in cash and cash equivalents		**25 108 500**	**36 804 530**
Cash and cash equivalents at the beginning of the year		306 612 607	269 808 077
Cash and cash equivalents at the end of the year	6	**331 721 107**	**306 612 607**

West Coast District Municipality

Statement of Comparison of Budget and Actual Information as at 30 June 2020

Description	2019/2020											2018/2019			
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	-	-	-			-			-	0.00	0.00				-
Service charges	101,338	10,000	111,338	-		111,338	82,460		(28,878)	74.06	81.36				40,229
Investment revenue	21,137	(1,911)	20,526	-		20,526	25,590		5,076	124.37	118.61				27,804
Transfers recognised - operational	99,174	945	100,119	-		100,119	100,484		365	100.36	101.32				94,128
Other own revenue	154,283	17,440	171,723	-		171,723	172,615		892	100.52	111.88				158,269
Total Revenue (excluding capital transfers and contributions)	376,931	27,374	404,054	-	-	404,054	381,650		(22,394)	94.42	101.25	-	-	-	357,690
Employee costs	193,795	(370)	193,425	-	-	193,425	188,555	-	(5,870)	97.28	97.09	-			176,181
Remuneration of councillors	6,760	-	6,760		-	6,760	6,705		(55)	99.19	99.19	-			6,140
Debt impairment	900	(130)	780		-	780	635	-	(145)	80.61	67.17	-			277
Depreciation & asset impairment	9,572	1,515	11,087		-	11,087	9,451	-	(1,646)	84.59	101.40	-	-	-	8,755
Finance charges	173	3,218	3,391		-	3,391	2,203	-	(1,188)	64.96	1271.17	-	-		3,083
Materials and bulk purchases	64,403	4,037	68,438		-	68,438	41,325	-	(26,113)	60.82	64.18	-			48,610
Transfers and grants	1,200	3,523	4,723		-	4,723	3,707	-	(1,016)	0.00	0.00	-			2,224
Other expenditure	99,537	24,457	123,994	-	-	123,994	108,184	-	(15,810)	87.25	108.67	-			97,245
Total Expenditure	376,030	36,550	412,580	-	-	412,580	359,816	-	(52,764)	87.41	95.69	-	-	-	343,269
Surplus/(Deficit)	891	(9,156)	(8,526)	-	-	(8,526)	29,834	-	38,360	-349.76	3274.21	-	-	-	14,421
Transfers recognised - capital	-	1,297	1,297	-		1,297	-		(1,297)	0	0.00				2,718
Contributions recognised - capital & contributed assets	-	-	-			-	-		-	0.00	0.00				-
Surplus/(Deficit) after capital transfers & contributions	891	(7,859)	(7,268)			(7,268)	28,834	-	36,102	-396.69	3234.21	-	-	-	17,139
Share of surplus/ (deficit) of associate	-	-	-			-	-		-		0.00				-
Surplus/(Deficit) for the year	891	(7,854)	(7,268)			(7,268)	28,834	-	36,102	-396.69	3234.21	-	-	-	17,139
Capital expenditure & funds sources															
Capital expenditure	9,355	3,071	13,428			13,428	10,932		(2,496)	81.41	325.87				9,108
Transfers recognised - capital	-	1,297	1,297			1,297	-		(1,297)	0.00	0.00				477
Public contributions & donations			-			-			-	0.00	0.00				
Borrowing	-		-			-	-		-	0.00	0.00				-
Internally generated funds	9,427	2,704	12,131	-		12,131	10,932		(1,199)	90.12	115.97				8,643
Total sources of capital funds	9,427	4,001	13,428	-		13,428	10,932		(2,496)	81.41	115.97	-		-	9,431
Cash flows															
Net cash from (used) operating	15,016	(6,108)	8,908			8,908	50,497		41,591	566.78	323.30				66,104
Net cash from (used) investing	4,645	(4,003)	642			642	(10,932)		(11,774)	-1,702.80	-225.04				(9,220)
Net cash from (used) financing	(14,271)	-	(14,271)			(14,271)	(14,485)		(214)	0.00	0.00				(13,050)
Cash/cash equivalents at the year end	292,294	40,787	333,081			333,081	331,721		28,630	102.45	129.47				306,813
Financial Position															
Cash	292,294	40,797	333,091			333,091	331,721		28,630	109.45	113.47				306,813
Consumer debtors	8,801	-	8,801			8,801	11,952		3,151	137.73	137.73				11,721
Other debtors	-	-	-			-	33,822		33,822	0.00	0.00				21,614
Current portion of long-term receivables	1,196	-	1,196			1,196	1,418		222	118.56	118.56				1,396
Inventory	6,338	-	6,338			6,338	8,619		2,281	135.96	135.96				7,684
Current portion of asset receivable - local municipalities	-		-	-		-	6,302		6,302	0.00	0.00				14,736
Total current assets	308,629	40,797	317,317	-		317,317	394,094		76,800	-	-	-	-	-	365,891
Long-term receivable	19,382	-	19,382			19,382	17,463		(1,909)	90.10	90.10				16,866
Distribution receivable	-	-	-			-	-			0.00	0.00				
Investment property	4,472	-	4,472			4,472	4,477		5	100.12	100.12				4,506
Property, plant and equipment	77,185	3,750	80,956			80,956	81,119		163	100.20	105.09				78,271
Intangible assets	15,724	(14,572)	1,152	-		1,152	1,370		218	118.93	8.71				2,172
Asset receivable - local municipalities	-	-	-			-	4,742		4,742	0.00	0.00				11,080
Total non-current assets	116,757	(10,816)	105,941	-	-	105,941	109,171		3,230	-	-	-	-	-	115,631
TOTAL ASSETS	391,377	29,981	423,258		-	423,258	505,025		81,768			-	-	-	478,398
LIABILITIES															
Borrowings	4,500	-	4,500			4,500	8,582		3,982	0.00	0.00				14,728
Trade and other payables	12,451	(49)	12,402			12,402	28,220		15,818	227.54	226.65				28,176
Provisions	9,876	640	10,516			10,516	60,633		50,118	576.50	608.17				42,436
Total current liabilities	26,827	489	27,420			27,420	97,339		69,915	354.02	361.19				77,335
Borrowings	8,362	-	8,362			8,362	4,792		(3,640)	0.00	0.00				12,882
Provisions	79,745	-	79,745			79,745	66,884		(12,862)	83.85	83.85				73,814
Total non-current liabilities	88,127	-	88,127			88,127	71,596		(16,531)	81.25	81.25				86,696
TOTAL LIABILITIES	115,648	489	115,548			115,548	168,940		53,394	146.12	146.70			-	164,035
NET ASSETS	278,229		307,712			307,712	336,185		28,474	109.25	120.83			-	315,351
Accumulated Surplus/(Deficit)	278,229	-	307,712			307,712	336,185		28,474	109.25	120.83				315,351
TOTAL COMMUNITY WEALTH/EQUITY	278,229	-	307,712	-		307,712	336,185		28,474	109.25	120.83		-	-	315,351

GRAP 24 paragraph 18 states the management should provide reasons for the overview of their original budget to the adjustment budget. Management adjusted its capital and operating budgets due to the following:

Operating Budget: The actual revenue and expenditure is a summary of both the Statement of Financial Performance and note 55. The budget approved by Council included all road agency revenue and expenditure.

Capital Budget: The capital expenditure are low due to the COVID 19 national lock down.

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Transfer of functions between entities not under common control

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.

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

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:

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.

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

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 Provisions, 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.

Indemnification assets:

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

Exceptions to the measurement principle

Reacquired rights:

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

Assets held for sale:

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

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

The municipality as acquirer recognises the difference between the assets acquired and liabilities assumed and the consideration transferred (if any) as of the acquisition date in surplus or deficit. This difference is measured as the excess of (a) over (b) below:
(a) the aggregate of:
(i) the consideration transferred (if any) measured in accordance with this Standard, which generally requires acquisition-date fair value;
(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this Standard; and
(iii) in a transfer of functions achieved in stages, the acquisition-date fair value of the entity as acquirer's previously held equity interest in the acquiree.
(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this Standard.

Consideration transferred

Accounting Policies

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

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.

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.

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

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.

Subsequent measurement and accounting

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

Reacquired rights

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

Contingent liabilities

After initial recognition and until the liability is settled, cancelled or expires, the municipality as acquirer measures a contingent liability recognised in a transfer of functions at the higher of:
(a) the amount that would be recognised in accordance with the Standard of GRAP on Provisions, 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

Accounting Policies

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

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 Provisions, Contingent liabilities and Contingent assets or other Standards of GRAP as appropriate.

1.4 Transfer of functions between entities under common control

Identifying the acquirer and transferor

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

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

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

Determining the transfer date

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

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

1.4 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

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

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

Identifying the combined entity and combining entities

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

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

Determining the merger date

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

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

Assets acquired [transferred] and liabilities assumed [derecognised]

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

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

Other criteria for the entity (as the combined entity)

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

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

1.5 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

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.

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

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

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

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

Cost model

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

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

Item	**Useful life**
Property - beach development	25 to 50 years
Land	Infinite

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

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

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

Accounting Policies

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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.

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:

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

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

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

1.9 Financial instruments

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

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

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

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

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

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

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

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, an municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

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

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

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

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

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

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

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

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.

Accounting Policies

1.9 Financial Instruments (continued)

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

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

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

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

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

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

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

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

1.9 Financial instruments (continued)

Classification

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

Class	Category
Other trade receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Trade receivables from exchange transactions	Financial asset measured at amortised cost

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:

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

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

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

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

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

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

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

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

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

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

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

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

1.9 Financial Instruments (continued)

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Accounting Policies

1.9 Financial Instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

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

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

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

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

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

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

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

Financial liabilities

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

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

1.9 Financial Instruments (continued)

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

Presentation

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

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

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

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

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

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

1.10 Value added tax

The municipality accounts for Value Added Tax (VAT) on a cash basis. The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero - rated in terms of section 11, exempted in terms of section 12 of the VAT Act or out of scope for VAT purposes. The timing of payments to / from the South African Revenue Service is on the twenty fifth day of each of the twelve months of the financial year.

1.11 Leases

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

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

Finance leases - lessor

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

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

Accounting Policies

1.11 Leases (continued)

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.12 Inventories

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

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

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

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

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

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

1.12 Inventories (continued)

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

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

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

1.13 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

1.13 Impairment of cash-generating assets (continued)

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

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

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.

1.13 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

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

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

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

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

1.14 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Identification

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

1.15 Employee benefits

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

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

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

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

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

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

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

Short-term employee benefits

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

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

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

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

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

1.15 Employee benefits (continued)

Post-employment benefits

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

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

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

1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.15 Employee benefits (continued)

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

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

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

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Other post retirement obligations

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

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

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

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

Accounting Policies

1.15 Employee benefits (continued)

Termination benefits

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

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

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

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

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

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

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

1.16 Provisions

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

Accounting Policies

1.16 Provisions (continued)

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.17 Revenue from exchange transactions

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

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

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

Measurement

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

1.17 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

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

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

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

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

Interest, royalties and dividends

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

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

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

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

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

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

1.18 Revenue from non-exchange transactions

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

1.18 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.18 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

Transfers

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

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

Fines

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

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

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

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

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

1.19 Borrowing costs

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

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

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

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

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

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

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

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

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

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

1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Accounting Policies

1.20 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality is the agent and recognises in the Statement of Financial Performance only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP. The revenue and expenditure of the principal is recognised in the notes.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 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.

1.22 Unauthorised expenditure

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

- overspending of the total amount appropriated in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;

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

1.23 Fruitless and wasteful expenditure

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

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

1.24 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.

1.25 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.

1.26 Contingencies

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

A contingent liability :

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

1.27 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 33.

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.

1.28 Budget information

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

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Explanations of significant variances greater than ten percent or five hundred thousand Rand versus the budget are given in appendix A. The Municipality's Statement of Comparison and appendix A includes a summary of both the Statement of Financial Performance and note 53 in the financial statements.

1.29 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.

1.30 Service concession arrangements

Operator

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

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

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

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

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

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

1.31 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.

1.32 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 obligation.

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

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

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

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

1.33 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.

1.34 Statutory receivables

Recognition

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

1.34 Statutory receivables (continued)

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the municipality applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Accounting Policies

1.34 Statutory receivables (continued)

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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 2020 or later periods:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the standard setters.

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

The impact of this standard is currently being assessed.

Guideline: Guideline on Accounting for Landfill Sites

The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

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

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

The impact of this standard is currently being assessed.

2. New standards and interpretations (continued)

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

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

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

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

IGRAP 20: Accounting for Adjustments to Revenue

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

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

The municipality expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

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

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:
- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

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

The municipality has adopted the interpretation for the first time in the 2020/2021 annual financial statements.

The impact of the amendment is not material.

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 for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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 for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

Notes to the Annual Financial Statements

2. New standards and Interpretations (continued)

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

GRAP 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 for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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

GRAP 37: Joint Arrangements

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 for years beginning on or after 01 April 2020

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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 for years beginning on or after 01 April 2020.

The municipality expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

A municipality applies judgement based on past experience and current facts and circumstances.

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

The municipality expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

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

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 2017/2018 annual financial statements.

Figures in Rand	2020	2019

3. Inventories

Consumable Inventory	5 752 507	4 867 727
Water Stock	2 866 524	2 816 387
	8 619 031	**7 684 114**

Inventory pledged as security

No inventory was pledged as security.

No inventory was written-down during the period.

The amount of inventory recognised as an expense is R3 954 008 (2019 : R4 103 755).

4. Other receivable from exchange transactions

Water : sales	3 862 240	4 115 235
Operating Leases - refer to note 36	247 320	261 948
Other	6 187 124	461 317
Road receivable	11 450 780	14 449 020
Advance payment - Salga levies paid	1 967 418	1 811 796
Net Balance (Allowance for Impairment)	(110 686)	(1 270)
	23 604 196	**21 098 046**

Reconciliation of allowance for impairment		
Other receivables from non-exchange transactions	(110 686)	(1 270)

5. Receivables from exchange transactions

Gross balances		
Electricity	176 802	112 630
Water	12 079 052	11 678 466
Sewerage	21 345	19 369
Other	3 424	3 413
Housing rental	140 069	118 385
	12 420 692	**11 932 263**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

5. Receivables from exchange transactions (continued)

Less : Allowance for impairment	(528 248)	(211 545)

Net balance		
Electricity	176 802	112 630
Water	12 079 052	11 678 465
Sewerage	21 345	19 369
Other	3 424	3 413
Housing rental	140 069	118 385
Net balance (Allowance for impairment)	(528 248)	(211 545)
	11 892 444	**11 720 717**

Reconciliation of allowance for impairment (including other receivables from exchange transactions)		
Balance at the beginning of the year	(212 815)	(170 216)
Contributions to provision - Refer to note 45	(604 560)	(226 942)
Debt impairment written off against provision	178 441	184 343
	(638 934)	**(212 815)**

Reconciliation of allowance for impairment between trade and other receivables		
Trade receivables from exchange transactions	(528 248)	(211 545)
Other receivables from exchange transactions	(110 686)	(1 270)
	(638 934)	**(212 815)**

Age analysis per service (net of allowance for impairment) Service Debtors (Water, Electricity, Sewerage and Other)		
Current (0-30 days)	10 760 908	11 473 382
30-60 days	565 068	284 926
61-90 days	422 541	53 752
91-120 days	309 275	1 119
121-365 days	222 831	699
	12 280 623	**11 813 878**

Housing Rental		
Current (0-30 days)	88 550	82 509
30-60 days	37 942	24 577
61-90 days	11 927	10 349
91-120 days	1 650	949
	140 069	**118 384**

Summary of debtors age analysis (Trade receivables)		
Current (0-30 days)	10 849 458	11 555 892
31-60 days	603 010	309 503
61-90 days	434 468	64 101
91-120 days	310 925	2 067
121-365 days	222 831	699
>365 days	-	-
Less : Allowance for impairment	(528 248)	(211 545)
	11 892 444	**11 720 717**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2020	2019
Cash book balances	331 720 657	306 612 157
Floats	450	450
Total cash and cash equivalents	**331 721 107**	**306 612 607**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
First National Bank - Current Account	305 496 504	249 103 839	251 008 415	305 496 504	249 117 997	251 008 414
First National Bank - Current Account	26 226 961	57 497 679	18 800 415	26 224 153	57 494 160	18 799 213
Floats	450	450	450	450	450	450
Total	**331 723 915**	**306 601 968**	**269 809 280**	**331 721 107**	**306 612 607**	**269 808 077**

	2020	2019
Average rate of return on short-term investments	7.48%	7.78%

Cash and cash equivalents includes cash-on-hand and cash in bank. No cash and cash equivalents were pledge as security for financial liabilities or any restriction were placed on any cash and cash equivalents. Call deposits are investments with a maturity period between one to six months. The fair value of the cash and cash equivalents was determined after considering the terms and conditions of the agreement entered into between the municipality and the financial institution.

7. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5 512 774	(1 035 488)	4 477 286	5 508 050	(1 002 188)	4 505 862

Pledged as security

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

	2020	2019
Fair value of Investment property - Buildings	18 100 000	13 677 360
Fair value of Investment property - Land	44 155 000	25 500 000

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.

Resort income from investment property was R3 923 329 (2019:R4 252 735) as disclosed in the Statement of Financial Performance. Please refer to note 46 for the investment property repairs and maintenance disclosure.

8. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	27 781 447	-	27 781 447	27 781 447	-	27 781 447
Buildings	50 975 222	(27 672 586)	23 302 636	50 564 072	(25 221 658)	25 342 414
Infrastucture	1 771 964	(340 324)	1 431 640	1 760 616	(243 781)	1 516 835
Other	82 306 732	(53 703 464)	28 603 268	73 153 823	(49 523 719)	23 630 104
Total	**162 835 365**	**(81 716 374)**	**81 118 991**	**153 259 958**	**(74 989 158)**	**78 270 800**

Pledged as security

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

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

9. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	4 482 111	(3 112 500)	1 369 611	11 373 779	(8 651 937)	2 721 842

Pledged as security

No assets have been pledged as security in the current and prior financial period nor restrictions.

Other information

The municipality acquired intangible assets with finite useful lives of five years. The straight-line method of amortisation will be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. Please refer to appendix B of Property, plant and equipment, Intangibles and Investment property for detailed disclosure. The amount disclosed as work in process (WIP) relates to the Spatial Development Framework.

10. Payables from exchange transactions

	2020	2019
Sundry creditors	2 085 171	1 786 200
Payments received in advance - contract in process	314 154	555 691
Accrued leave pay	12 057 286	9 826 626
Retentions	97 220	97 220
Trade payables	12 280 843	6 598 707
Operating lease payables - refer to note 36	17 831	19 111
	26 852 505	**18 883 555**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

11. VAT receivable

VAT 201 return as at 30 June	202 425	(314 074)
VAT Output payable from debtors	10 015 813	1 029 839
	10 218 238	**715 765**

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

GRAP 108 Statutory Receivables:

Change in accounting policy

GRAP 108 Statutory Receivables became effective on 1 April 2019 and the first-time application of the Standard required a change in accounting policy relating to the classification, measurement, impairment and derecognition of receivables that arise as a result of legislation, regulations or similar means.

The change in classification and measurement required by GRAP 108 is applied retrospectively, while there is relief from retrospective application relating to the impairment and derecognition requirements of GRAP 108, which is applied prospectively.

Remeasurement may result due to the fact that GRAP 108 requires the receivable to be measured at transaction price plus interest and penalties, while GRAP 104 requires measurement at amortised cost.

The Municipality's only Statutory Receivable is VAT receivable and, after taken into account the prior period error per note 26 the balance of the VAT receivable in the prior year of R715 765 is a Statutory Receivable.

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 :		
Community Development Workers Grant (CDW)	30 851	-
Local Government - Graduate Internship Grant	229 003	-
Western Cape Financial Management Grant (IDP and Internship)	94 400	-
Provincial Government - Municipal Service Delivery Grant	99	-
Mayor's Charity Fund	(265)	51 764
Rural Roads Management	182	317 182
Provincial Government - Community Safety : WOSA	1 012 151	800 000
Western Cape Financial Management Grant (IDP and Internship)	640	122 640
	1 367 061	**1 291 586**

13. Employee Benefits

Reconciliation of short-term portion of employee benefits - 2020	Opening Balance	Additions	Utilised during the year	Total
Short-term portion of medical aid benefits	3 626 081	3 858 915	(3 626 081)	3 858 915
Short-term portion of long service awards	1 088 385	752 083	(1 088 385)	752 083
Short-term portion of performance bonus	600 402	426 823	(252 980)	774 245
Short-term portion of bonus	4 788 885	4 900 868	(4 547 297)	5 142 456
	10 103 753	**9 938 689**	**(9 514 743)**	**10 527 699**

Reconciliation of short-term portion of employee benefits - 2019	Opening Balance	Additions	Utilised during the year	Total
Short-term portion of medical aid benefits	3 289 453	3 626 081	(3 289 453)	3 626 081
Short-term portion of long service awards	944 648	1 088 385	(944 648)	1 088 385
Short-term portion of performance bonus	252 980	600 402	(252 980)	600 402
Short-term portion of bonus	4 547 297	4 788 885	(4 547 297)	4 788 885
	9 034 378	**10 103 753**	**(9 034 378)**	**10 103 753**

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

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

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

14. Long-term liabilities

	2020	2019
Local registered stock loans	13 123 742	27 609 922
Less : Current portion transferred to current liabilities	(8 381 730)	(14 728 192)
	4 742 012	**12 881 730**

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

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

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

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

Figures in Rand	2020	2019

15. Medical aid benefits

Defined benefit plan

The most recent actuarial valuation of the present value of the obligation were carried out at 30 June 2020 by One Pangaea Expertise & Solutions.

Defined benefit plan	62 401 717	69 700 828
Change in liability		
Opening balance	66 074 747	65 140 904
Service costs	2 584 990	2 785 669
Interest costs	7 026 386	7 266 276
Recognised actuarial (gain) loss	(13 641 239)	(5 776 014)
Benefits paid	(3 269 248)	(3 005 460)
Current portion transferred to current liabilities	(232 834)	(336 628)
	58 542 802	**66 074 747**
Net expenses recognised in the statement of financial performance		
Current service costs	2 584 990	2 785 669
Interest costs	7 026 386	7 266 276
Actuarial (gain) loss	(13 641 239)	(5 776 014)
Total included in employee related costs	**(4 029 863)**	**4 275 931**
Changes in the short-term portion - refer to note 13		
Opening balance	3 626 081	3 289 453
Contributions / (refund) by / (to) employer	232 834	336 628
	3 858 915	**3 626 081**

Figures in Rand	2020	2019

15. Medical aid benefits (continued)

Key assumptions used

Assumptions used at the reporting date:

	2020	2019
Discount rates used	10,35 %	10,35 %
Expected rate of return on assets	6,25 %	6,25 %
Expected rate of return on reimbursement rights	7,75 %	7,75 %
Actual return on reimbursement rights	2,41 %	2,41 %

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

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous date, 30 June 2019 the duration of liabilities was 12.69 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2020 is 12.65% per annum, and the yield on the inflation linked bonds of a similar term was about 4.81% per annum, implying an underlying expectation of inflation of 7.00% per annum ([1+12.65% - 0.5%] / [1+4.81%] - 1).

A healthcare cost inflation rate of 8.50% was assumed. This is 1.5% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than. the nominal values. We have thus assumed a net discount factor of 3.82% per annum ([1+12.65%] / [1+8.50%] - 1). This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective.

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

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

15. Medical aid benefits (continued)

The withdrawal rates assumption used are as follows:

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

Continuation Percentages

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

Employee benefit - roads receivable (Medical aid)

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

	2020	2019
Employee benefits - roads receivable (Medical aid)		
Opening balance	20 261 379	23 167 268
Current service costs	405 100	748 418
Interest costs	1 700 657	2 442 305
Expected benefits paid	(1 295 557)	(1 439 222)
Actuarial (loss) / gain	(2 190 423)	(4 657 390)
	18 881 156	**20 261 379**

	2020	2019
Statement of Financial Position		
Employee benefits - roads receivable (current assets)	1 418 380	1 295 557
Employee benefits - roads receivable (non-current assets)	17 462 776	18 965 822
	18 881 156	**20 261 379**

16. Long-term portion of long service awards

	2020	2019
Long service awards		
Provision of long service awards	9 072 875	8 827 745
Less : Transferred to current provision	(752 083)	(1 088 386)
Net long service awards liability	**8 320 792**	**7 739 359**

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 2020 become entitled to in future, based on a actuarial valuation performed at that date.

An actuarial valuation of the present value of the obligation was done at 30 June 2020 by One Pangaea Expertise & Solutions.

The future service cost for ensuring year is established to be R629 670 whereas the interest-cost for the next year is estimated to be R743 579.

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

- Discounted rate - 8.55%
- General salary inflation (long-term) - 4.47%
- Net effective discount rate - 3.91%
- Mortality - SA85-90
- Normal retirement age - 65

2020 - Details of employees eligible for long service awards are detailed below	Active Employees	Salaries Weighted Average Age (years)	Weighted Average Past Service (years)	Total
All employees	494	42	11	547

2019 - Details of employees eligible for long service awards are detailed below	Active Employees	Salaries Weighted Average Age (years)	Weighted Average Past Service (years)	Total
All employees	494	42	10	546

	2020	2019
The amount recognised in the Statement of Financial Position are as follows :		
Present value of fund obligations	9 072 876	8 827 745

	2020	2019
The amount recognised in the Statement of Financial Performance are as follows :		
Current service costs	642 892	659 480
Interest costs	697 475	765 427
Actuarial (gain) / loss on the obligation	(295 086)	(694 428)
	1 045 281	**730 479**

	2020	2019
The movement in the long service awards liability over the year is as follows :		
Balance at the beginning of the year	8 827 745	8 948 814
Current service costs	642 892	659 480
Interest costs	697 475	765 427
Benefits paid	(800 150)	(851 548)
Actuarial (gain) / loss on the obligation	(295 086)	(694 428)
	9 072 876	**8 827 745**

The average past services cost 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.

Figures in Rand	2020	2019

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

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

Employer's accrued liability	-1% Withdrawal rate	Valuation Assumption	+1% Withdrawal rate
Salary increase rate	8 497 712	9 072 876	9 707 711
Discount rate	9 688 630	9 072 876	8 523 168
	18 186 342	**18 145 752**	**18 230 879**

Employer's expense cost	-1% Withdrawal rate	Valuation Assumption	+1% Withdrawal rate
Salary increase rate	1 477 634	1 373 249	1 477 634
Discount rate	1 356 878	1 373 249	1 364 852
	2 834 512	**2 746 498**	**2 842 486**

17. Accumulated surplus

	2020	2019
Balance as at 1 July	315 351 088	297 755 063
Correction of error - Refer to note 26	-	456 770
(Deficit) / Surplus for the year	20 834 373	17 139 255
	336 185 461	**315 351 088**

18. Service concession revenue

	2020	2019
Management fee	5 567 997	6 467 171
Sale of electricity	1 072 946	921 835
Sale of water	115 538 935	107 904 061
Distribution provision - Contribution for the year - Refer to note 50	(39 903 090)	(35 158 231)
Sewerage and sanitation charges	172 803	159 882
	82 449 591	**80 294 718**

The management fee is recovered through the tariff in terms of the agreement.

The surplus distribution is due to the local municipalities. Refer to note 50.

Figures in Rand	2020	2019

19. Other revenue

The amount included in other revenue arising from non-exchanges of goods or services are as follows:		
Interest on debtors	52 556	50 730
Other income	4 655 870	830 777
Insurance refunds	-	26 567
Fire services (Cederberg and Matzikama Local Municipalities)	5 420 997	-
	10 129 423	**908 074**

The amount included in other revenue arising from exchange transactions is as follows:		
Rent	2 446 797	2 187 291
Water services	8 634	570 371
Water service concession - extinguishment of debt (capital portion)	1 815 476	1 815 296
Fire services (WCDM)	536 311	357 008
	4 807 218	**4 929 966**

20. Government grants and subsidies

The following grants and subsidies were received and recognised :

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

20. Government grants and subsidies (continued)

Western Cape Financial Management Grant (Risk and MSCOA)	280 000	280 000
Local Government Graduate Internship Grant	150 997	205 322
Western Cape Financial Management Grant (IDP & Internship)	161 600	597 021
Community Development Grant (CDW)	43 149	-
RSC Levy Replacement Grant (Equitable Share)	74 320 000	72 197 000
Equitable Share	18 386 000	16 208 000
Finance Management / Spatial Development	200 000	477 360
Financial Management Grant	1 000 000	1 000 000
EPWP Grant	1 027 000	1 047 000
Provincial Government - Municipal Service Delivery Grant	533 000	-
Provincial Government - Regional co-ordination and Mentoring Grant	164 000	-
Capacity Building Health Services	-	101 960
Western Cape Provincial Emergency Grant	-	450 000
Rural Roads Management	2 681 000	2 240 818
Disaster Relief Fund	89 000	-
COVID 19 Grant	100 000	-
Provincial Government - Community Safety : WOSA	887 849	-
Fire Services Capacity Building Grant	-	1 483 000
Other Government Grants and Subsidies : Less VAT on administration charges	460 032	558 317
	100 483 627	**96 845 798**

20.1) Local Government Graduate Internship Grant

Balance unspent at the beginning of the year	-	133 322
Current year receipts	380 000	72 000
Current year interest	-	-
Conditions met - transferred to revenue	(150 997)	(205 322)
Conditions still to be met - transferred to liabilities	**229 003**	-

Strategic objective - Good governance and financial viability. The purpose of the grant is to assist the graduate internship programme within the West Coast District.

20.2) Financial Management Grant

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

Strategic objective - Good governance and financial viability. The purpose of the grant was to support the training of municipal officials in financial management, the appointment of interns and the acquisition, upgrade and maintenance of financial management systems

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

Current year receipts	280 000	280 000
Current year interest	-	-
Conditions met - transferred to revenue	(280 000)	(280 000)
Conditions still to be met - transferred to liabilities	-	-

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.

Figures in Rand	2020	2019

20. Government grants and subsidies (continued)

20.4) COVID 19 Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	100 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(100 000)	-
Conditions still to be met - transferred to liabilities	-	-

Strategic objective - Social well-being. The purpose of the grant is for COVID 19 related projects within the West Coast District.

20.5) EPWP Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	1 027 000	1 047 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 027 000)	(1 047 000)
Conditions still to be met - transferred to liablities	-	-

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

20.6) Community Development Workers (CDW)

Balance unspent at the beginning of the year	-	-
Current year receipts	74 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(43 149)	-
Conditions still to be met - transferred to liabilities	30 851	-

Strategic objective - Social well-being. The purpose of the grant is for the development of community within the West Coast District.

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

Balance unspent at the beginning of the year	-	237 020
Current year receipts	134 000	360 000
Current year interest	-	-
Conditions met - transferred to revenue	(39 600)	(597 020)
Conditions still to be met - transferred to liabilities	94 400	-

Strategic objective - Good governance and financial viability. The purpose of the grant is to support the internship programme as well as strategic services within the West Coast District area.

20.8) Capacity Building Health Services

Balance unspent at the beginning of the year	-	101 960
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	(101 960)
Conditions still to be met - transferred to liabilites	-	-

Strategic objective - Environmental Integrity. The purpose of the grant is to build capacity of the health services officials within the West Coast District area.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

20. Government grants and subsidies (continued)

20.9) Rural Roads Management

Balance unspent at the beginning of the year	317 182	346 257
Current year receipts	2 681 000	2 558 000
Current year interest	-	-
Conditions met - transferred to revenue	(2 681 000)	(2 240 818)
Transfer to National Treasury	(317 000)	(346 257)
Conditions still to be met - transferred to liabilities	**182**	**317 182**

Strategic objective - Environmental Integrity. The purpose of this grant is to develop a rural roads management plan within the West Coast District.

20.10) Financial Management / Spatial Development

Balance unspent at the beginning of the year	-	-
Current year receipts	200 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(200 000)	-
Conditions still to be met - transferred to liabilities	-	-

Strategic objective - Good governance and financial viability. The purpose of the grant is to assist with financial management within the West Coast District.

20.11) Fire Services Capacity Building Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	-	1 483 000
Current year interest	-	-
Conditions met - transferred to revenue	-	(1 483 000)
Conditions still to be met - transferred to liabilities	-	-

Strategic objective - Social well - being. The purpose of the grant is to build infrastucture capacity within the municipality's fire department.

20.12) Western Cape Financial Management Grant (IDP & Internship)

Balance unspent at the beginning of the year	122 640	600 000
Current year interest	-	-
Conditions met - transferred to revenue	(122 000)	(477 360)
Conditions still to be met - transferred to liabilities	**640**	**122 640**

Strategic objective - Good governance and financial viability. The purpose of the grant is to assist with spacial development within the West Coast District.

20.13) Provincial Government - Community Safety : WOSA

Balance unspent at the beginning of the year	800 000	-
Current year receipts	1 100 000	800 000
Current year interest	-	-
Conditions met - transferred to revenue	(887 849)	-
Conditions still to be met - transferred to liabilities	**1 012 151**	**800 000**

Strategic objective - Social well - being. The purpose of the grant is to safety planning within the communities.

Figures in Rand	2020	2019

20. Government grants and subsidies (continued)

20.14) Western Cape Provincial Emergency Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	-	450 000
Current year interest	-	-
Conditions met - transferred to revenue	-	(450 000)
Conditions still to be met - transferred to liabilities	-	-

Strategic objective - Essential bulk services. The purpose of the grant is to provide solid waste management services within the West Coast District.

20.15) Mayor's Charity Fund

Balance unspent at the beginning of the year	51 764	-
Current year receipts	(265)	311 200
Current year interest	-	-
Conditions met - transferred to revenue	(51 764)	(259 436)
Conditions still to be met - transferred to liabilities	(265)	51 764

20.16) Provincial Government - Municipal Service Delivery Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	533 099	-
Current year interest	-	-
Conditions met - transferred to revenue	(533 000)	-
Conditions still to be met - transferred to liabilities	99	-

Strategic objective - Good governance and financial viability. The purpose of the grant is to improve service delivery within the West Coast District.

20.17) Provincial Government - Regional co-ordination and Mentoring Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	164 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(164 000)	-
Conditions still to be met - transferred to liabilities	-	-

Strategic objective - Good governance and financial viability. The purpose of the grant is to improve regional co-ordination and monitoring within the West Coast District.

20.18) Disaster Relief Fund

Balance unspent at the beginning of the year	-	-
Current year receipts	89 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(89 000)	-
Conditions still to be met - transferred to liabilities	-	-

Strategic objective - Social well-being. The purpose of the grant is for disaster relief within the West Coast District.

Unspent conditional grants and subsidies

PAWC and State funds : Various projects (see note 12)	1 367 061	1 291 586

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

21. Employee related costs

Employee related costs - Salaries and wages	109 699 628	102 064 666
Employee related costs - Contributions for UIF, pensions and medical aids	27 239 685	25 579 272
Bonus paid	6 775 196	6 368 133
Bonus paid - Roads	2 682 989	2 647 834
Travel, motor car, accommodation, subsistence and other allowances	11 331 169	10 408 183
Other payroll levies	2 330 677	2 172 381
Overtime payments	7 971 784	8 799 382
Contributions to employee benefits	10 146 001	9 847 988
Leave accrual	2 601 086	1 778 622
Special allowances	6 071 258	5 234 472
Housing benefits and allowances	1 315 047	1 280 192
	188 164 620	**176 181 125**

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

Annual Remuneration	1 546 823	1 207 449
Car Allowance	120 000	120 000
Performance Bonuses	281 264	218 914
Contributions to UIF, Medical and Pension Funds	40 038	38 175
Telephone allowance	20 184	20 184
Other	112	105
	2 008 421	**1 604 827**

Remuneration of chief finance officer (This expense forms part of employee related costs)

Annual Remuneration	1 516 825	1 198 687
Car Allowance	72 000	72 000
Performance Bonuses	272 803	43 535
Contributions to UIF, Medical and Pension Funds	1 784	1 934
Telephone allowance	20 184	20 184
Other	112	105
	1 883 708	**1 336 445**

Remuneration of individual executive directors - Technical services (This expense forms part of employee related costs)

Annual Remuneration	1 414 917	1 100 345
Car Allowance	120 000	120 000
Performance Bonuses	85 654	67 721
Contributions to UIF, Medical and Pension Funds	55 693	52 131
Telephone allowance	20 184	20 184
Other	112	102
	1 696 560	**1 360 483**

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

Annual Remuneration	1 260 322	985 812
Car Allowance	120 000	120 000
Performance Bonuses	236 462	202 337
Contributions to UIF, Medical and Pension Funds	210 288	166 660
Telephone allowance	20 184	20 184
Other	112	105
	1 847 368	**1 495 098**

Figures in Rand	2020	2019

22. Remuneration of councillors

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

The Executive Mayor has the use of a council owned vehicle for official duties.

Certification by the Municipal Manager

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

Executive Mayor	938 250	903 870
Deputy Executive Mayor	769 478	731 975
Mayoral Committee Members	1 877 338	1 525 950
Speaker	743 275	725 831
Councillors and Secretarial support	2 275 611	2 033 215
Councillors pension contribution	130 622	218 855
	6 724 574	6 139 696

23. Finance costs

Long-term liabilities	2 202 936	3 663 215

24. Bulk purchases

Water	8 758 774	8 351 000

Figures in Rand	2020	2019

25. General expenses

Advertising	373 169	258 722
Assessment rates & municipal charges	21 231 542	18 849 880
Auditors remuneration	3 445 115	3 029 845
Study - rural roads	2 600 416	2 112 918
Computer expenses	6 213 675	3 077 925
Consulting and professional fees	2 734 103	2 915 518
Insurance	1 514 120	871 904
Rental offices	337 927	666 263
Water demand management	14 975	397 835
Lease rental on operating lease	689 720	330 571
Contribution to free municipal services	119 905	-
Fuel and oil	13 794 674	17 011 947
Printing and stationery	26 770	155 689
Security (Guarding of municipal property)	624 595	554 652
Subscriptions and membership fees	6 680	12 455
Telephone and fax	1 921 842	1 838 218
Transport and freight	71 103	44 353
Training	375 920	868 984
Travel - local (subsistence allowance)	3 013 876	3 190 985
Water and milk samples	9 613	8 718
Uniforms	1 527 743	1 230 513
Exhibitions	294 681	270 804
Professional services (Water services)	405 008	1 192 590
Bore waterhole drill	454 958	102 318
Infrastructure and planning - civil and land	4 334 995	7 947 899
Maintenance of buildings and equipment	4 584 212	5 169 447
Hire charges	18 685 719	4 809 933
Workmen's compensation	813 060	1 406 340
Skills development levies	1 299 141	1 471 106
Security services	622 583	697 510
Traffic and street lights	1 574 827	982 278
Fire services	956 918	840 699
SALGA levies	1 890 673	1 732 174
Signage	1 007 002	428 371
Air pollution	129 527	369 510
Other operating expenses	8 260 337	7 738 934
	105 961 122	92 587 808

26. Prior period errors

The correction of errors resulted in adjustments as follows:

	Adjustment
Refund of expenditure for German student trip - 2018 financial year	2 970
Salary expenses - 2018 financial year	(55 275)
Computer expenses - 2018 financial year	(32 902)
Correction of asset receivable - water concession - This error is corrected directly in the statement of net assets	456 770
Correction of VAT to be claimed from SARS for the Distribution payable to Local Municipalities. This correction changed the VAT payable to a VAT receivable.	4 217 187
VAT correction of the Distribution provision payable to the Local Municipalities	(4 217 187)
	371 563

26. Prior period errors (continued)

Statement of Financial Performance	Balance before adjustment	Adjustment	Balance after adjustment
Employee related costs	(176 125 850)	(55 275)	(176 181 125)
General expenditure	(92 557 876)	(29 932)	(92 587 808)
	(268 683 726)	**(85 207)**	**(268 768 933)**

Employee related costs	Balance before adjustment	Adjustment	Balance after adjustment
Employee related costs - Salaries and wages	(102 009 391)	(55 275)	(102 064 666)

General expenditure	Balance before adjustment	Adjustment	Balance after adjustment
Other operating expenses	(7 741 904)	2 970	(7 738 934)
Computer expenses	(3 045 023)	(32 902)	(3 077 925)
	(10 786 927)	**(29 932)**	**(10 816 859)**

Statement of Financial Position - 30 June	Balance before adjustment	Adjustment	Balance after adjustment
Non-Current assets - Asset receivable - local municipalities - Refer to note 52	10 609 683	456 770	11 066 453
Trade payables from exchange transactions - Refer to note 10	(18 798 348)	(85 207)	(18 883 555)
VAT	(3 501 422)	4 217 187	715 765
Distribution provision	(28 114 580)	(4 217 187)	(32 331 767)
	(39 804 667)	**371 563**	**(39 433 104)**

Accumulated surplus	Balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June 2019	314 979 525	371 563	315 351 088

Related party correction of error - GRAP 20 related party definition not met:	Adjustment
National Treasury - Grants received	92 692 818
Provincial Treasury - Grants received	4 152 980
Department of Water Affairs and Forestry - Purchases of goods and services	8 351 000

Related party balances	Balance before adjustment	Adjustment	Balance after adjustment
National Treasury - Grants received	92 692 818	(92 692 818)	-
Provincial Treasury - Grants received	4 152 980	(4 152 980)	-
Department of Water Affairs and Forestry - Purchases of goods and services	8 351 000	(8 351 000)	-

Figures in Rand	2020	2019

27. Cash generated from operations

	2020	2019
Surplus	20 834 373	17 139 255
Adjustments for:		
Depreciation and amortisation	9 401 281	8 754 952
Loss on property, plant and equipment	33 847	-
Roads receivable - Employee benefits	1 380 223	2 905 889
Correction of error / Rounding of accounts - Refer to note 26	(178)	32 794
Capital redemption - Concession arrangement	12 670 903	11 264 476
Gain on property, plant and equipment	-	(42 335)
Changes in working capital:		
Inventories	(934 917)	(653 661)
Receivables from exchange transactions	(171 727)	(3 342 727)
Other receivables from exchange transactions	(2 506 150)	(10 191 530)
Payables from exchange transactions	7 968 950	35 233 808
VAT	(9 502 473)	(3 608 117)
Unspent conditional grants and receipts	75 475	(126 974)
Employee benefits	(6 526 566)	1 738 410
Distribution provision - Concession arrangement	17 773 972	-
	50 497 013	**59 104 240**

28. Utilisation of Long-term liabilities reconciliation

	2020	2019
Long-term liabilities (See note 14)	13 123 742	27 609 922
Used to finance property, plant and equipment	(13 123 742)	(27 609 922)
Cash set aside for the repayment of long-term liabilities	8 381 730	14 728 192
	8 381 730	**14 728 192**

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

29. Unauthorised expenditure

	2020	2019
Opening balance as previously reported	-	-
Correction of prior period error	-	-
Opening balance as restated	-	-
Add: Unauthorised Expenditure - current	-	-
Add: Unauthorised Expenditure - prior period	-	-
Less: Amounts recoverable - current	-	-
Less: Amounts recoverable - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	-	-

30. Fruitless and wasteful expenditure

	2020	2019
Opening balance as previously reported	44 043	37 195
Correction of prior period error	(8 619)	-
Opening balance as restated	35 424	37 195
Add: Fruitless and wasteful Expenditure - current	56 881	21 513
Add: Fruitless and wasteful Expenditure - prior period	635 843	-
Less: Amounts recoverable - current	-	(11 446)
Less: Amounts recoverable - prior period	(31 385)	(3 219)
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	**696 763**	**44 043**

Figures in Rand	2020	2019

30. Fruitless and wasteful expenditure (continued)

30 June 2020 and 2019

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

Incident 1 - An employee was admitted to the Toevlug Rehabilitation Centre in Worcester but did not complete the rehabilitation	-	12 894
Incident 2 - It was determined that VAT was duplicated on a payment related to contract WCDM06/2017,	-	8 619
Incident 3 - The municipality made an advance payment which contravened clause 39(d) of the Supply Chain Management Policy.	635 843	-
Incident 4 - The municipality paid employee related costs to a pensioner that could not be verified at year-end.	56 881	-
	692 724	**21 513**

31. Irregular expenditure

Opening balance as previously reported	4 396 203	1 964 715
Correction of prior period error	-	-
Less: Amounts written-off	**4 396 203**	**1 964 715**
Add: Irregular Expenditure - current	7 513 068	3 414 276
Add: Irregular Expenditure - prior period	3 760 403	524
Less: Amounts recoverable - current	(58 257)	(77 043)
Less: Amounts recoverable - prior period	-	-
Less: Amount written off - current	(3 925 922)	(74 831)
Less: Amount written off - prior period	(3 990 331)	(831 438)
Closing balance	**7 695 164**	**4 396 203**

Subsequent to clarity provided by National Treasury, the irregular expenditure relating to the Supply Chain Management regulation 29 has been corrected. There is no non-compliance and no Irregular expenditure as the municipality applied MFMA Circular 34 - Guidelines Bid Adjudication Committees dated 28 June 2006.

Figures in Rand	2020	2019

31. Irregular expenditure (continued)

30 June 2020 and 2019		
Incident 1 - The municipality excludes the procurement of legal services in terms of it's Supply Chain Management Policy paragraph 2 (3) (c). Section 110 of the Municipal Finance Management Act (MFMA) only excludes procurement of goods and services from an organ of state which means that exclusion of legal services was in contravention of the Act.	-	74 831
Incident 2 - A payment for contracts exceeded the approved amount.	41 860	524
Incident 3 - No CIDB registration for construction work done as per paragraph 25 (1) of the Construction Industry Development Regulations 2004.	-	68 780
Incident 4 - The Supply Chain Management Regulation, paragraph 36 states that the accounting officer may dispense with the official procurement process in certain circumstances. The reason provided by management for this deviation was found to be invalid.	-	1 871 612
Incident 5 - The Supply Chain Management Regulation, paragraph 36 states that the accounting officer may dispense with the official procurement process in certain circumstances, The reason provided by management for the deviation was found to be invalid.	-	368 642
Incident 6 - The Supply Chain Management Regulation, paragraph 32 states that the accounting officer may procure goods or services under a contract secured by another organ of state. The municipality did not comply with this regulation and the legal interpretation effectively means that the accounting officer of the original contracting organ of state is willing to forfeit a portion of it's contract in terms of contract value and quantity that has not already been utilised to the accounting officer who is requesting to procure under that contract.	3 026 266	1 030 411
Incident 7 - The municipality did not pay all creditors within 30 days as per Section 65 (2)(e) of the Municipal Finance Management Act, 56 of 2003.	430 882	-
Incident 8 - The municipality did not consider local content as per Section 8 of the Preferential Procurement Regulations,2017.	149 134	-
Incident 9 - The municipality had an existing contract with a security firm where the supply chain management regulations were not followed.	12 146	-
Incident 10 - The municipality did not comply with Section 6 of the Preferential Procurement Regulations,2017 due to no consideration of the 80/20 principle.	29 699	-
Incident 11 - The Supply Chain Management Regulation, paragraph 32 states that the accounting officer may procure goods or services under a contract secured by another organ of state. The municipality did not comply with this regulation regarding the scope of a contract.	7 583 484	-
	11 273 471	3 414 800

32. Additional disclosure in terms of Municipal Finance Management Act

32.1) Contributions to organised local government

	2020	2019
Opening balance	-	-
Current year subscription / fee	1 811 795	1 733 427
Amount paid - current year	(1 811 795)	(1 733 427)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

32.2) Audit fees

	2020	2019
Opening balance	-	-
Current year subscription / fee	3 445 115	3 029 845
Amount paid - current year	(3 445 115)	(3 029 845)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

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

32.3) PAYE and UIF

Opening balance	-	-
Current year subscription / fee	27 505 839	25 624 382
Amount paid - current year	(27 505 839)	(25 624 382)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

32.4) Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	26 365 355	25 579 271
Amount paid - current year	(26 365 355)	(25 579 271)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

32.5) VAT

VAT receivable	10 218 238	715 765

VAT output payables and VAT input receivables are shown in note 11.

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

32.6) Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor A	-	-	-

32.7) Non-compliance to laws and regulations

In terms of section 75(1)(k) of the Local Government: Municipal Finance Management Act the accounting officer 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). This was not done by the relevant official as prescribed.

33. Capital Commitments

Authorised capital expenditure

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

34. Retirement benefit information

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

Cape Joint Pension Fund	111 440	154 902
Cape Joint Retirement Fund	27 505 839	25 624 382
	27 617 279	**25 779 284**

34. Retirement benefit information (continued)

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

Multi employer funds are treated as defined contribution funds.

35. Related parties

Relationships
The following related parties exist:

Members of key management - Refer to note 21 for the amounts payable to key management.	D Joubert (Municipal Manager) J C P Tesselaar (Chief Financial Officer) W Markus (Director - Corporate and Community services) H Matthee (Director - Technical services)
Councillors - Refer to note 22 for the amount paid to Councillors	Ald J H Cleophas (Executive Mayor) Cllr R W Strydom (Deputy Executive Mayor) Cllr R E Swart (Speaker) Cllr J A Engelbrecht (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 S A Gxabalashe Ald E Plaatjies Cllr G Stephan Cllr J Alexander Cllr J J Hoop Cllr G Kordom Cllr M Carosini Cllr J C Botha Cllr R V Pretorius Ald S I J Smit Cllr J de Jongh Cllr E B Mankay Ald E Nackerdien Cllr M Schrader Cllr B F Zass Cllr B J Penxa Cllr C H Papers

The municipal manager (D Joubert) and the chief financial officer (J C P Tesselaar) are trustees in the operating lease transaction that exists between the Council and the West Coast Financing Partnership. Payments are payable every six months. The properties involved in this transaction are section 36 of the farm Yzervarkensrug number 127 and section 3 of division Malmesbury farm number 91. The transaction are disclosed below :

Related party balances

	2020	2019
Sub-Lease transaction from related parties		
West Coast Financing Partnership	5 735 812	10 857 073

Figures in Rand	2020	2019

36. Leases

36.1) Lease payable

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

a) Within one year of the reporting date	365 704	519 729
b) More than one year but less than five years of the reporting date	207 848	367 603
	573 552	**887 332**

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 municipalty. 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 and the municipality. The contract is for a period of two years. The property involved is site 86 Velddift.

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

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

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

The municipality entered into a operating lease for the provision of GPS devices in vehicles. The contract is between Ramm Systems and the municipality. The contract is for a period of 36 months.

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

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

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

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

The municipality entered into a operating lease with Swartberg trust. The contract is for a three year period. The property involved is Swartberg 331.

36.2) Lease receivable

The following 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	811 244	1 115 461
c) More than five years	-	-
	1 115 461	**1 419 678**

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.

37. Risk management and Financial Instrument disclosure

Financial risk management

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

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

Liquidity risk

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

Credit risk

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

Figures in Rand	2020	2019

37. Risk management and Financial instrument disclosure (continued)

Interest rate risk

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

37.1) Credit Risk

The carrying amount of financial assets and loans represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was : Refer to note 4 and 5.

	2020	2019
Trade and other receivables	33 529 222	31 006 968

	2020	2019
The ageing of trade and other receivables at the reporting date was :		
Current	32 596 922	30 843 413
30 days	603 010	309 503
60 days	434 468	64 101
90 days	310 925	2 067
120 days plus	222 831	699
Less : Provision for bad debt	(638 934)	(212 815)
	33 529 222	**31 006 968**

	2020	2019
The movement in the allowance for bad debt in respect of trade receivables over the year was :		
Balance at the beginning of the year	212 815	170 216
Contributions to provision	604 560	226 942
Expenditure incurred	(178 441)	(184 343)
	638 934	**212 815**

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

37.2) Liquidity risk

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

Non-derivative financial liabilites 2020	Carrying Amount	Contractual Cash Flows	Within 1 Year	2 - 5 Years	More than 5 Years
Unspent conditional grants and receipts	1 367 061	-	-	-	-
Long term liabilities	13 123 741	-	8 381 730	4 742 012	-
	14 490 802	-	**8 381 730**	**4 742 012**	-

37.3) Interest rate risk

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

37. Risk management and Financial Instrument disclosure (continued)

Non-derivative financial assets 2020	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other receivables (8.5%)	33 529 222	-	-
Cash and cash equivalents - Cash book balances (6.5% floating)	331 721 107	-	-
	365 250 329	-	-

Non-derivative financial liabilities 2020	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other payables (Interest free)	14 795 219	-	-
Unspent conditional grants and receipts	1 367 061	-	-
Long term liabilities (12.54%, 11.73%, 8.60500%, 10.87%)	8 381 730	4 742 012	-
	24 544 010	**4 742 012**	-

Sensitivity analysis

An increase of 1% in interest rates at 30 June would have increased / (decreased) financial assets and profit or loss by the amounts shown below. A decrease of 1% in interest at 30 June would have had the equal but opposite effect on the above financial instruments, on the basis that all other variables remain constant. There where no changes in the municipality's approach from the prior year.

Non-derivative financial assets 2020	Statement of Financial Position	Profit or loss
Trade and other receivables	33 529 222	335 293
Cash and cash equivalents - Cash book balances	331 721 107	3 317 211
	365 250 329	**3 652 504**

37.4) Fair value

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the Statement of Financial Position.

38. Contingent liabilities

	2020	2019
West Coast Builders (BK)	-	2 110 643

The municipality is being sued by West Coast Builders (BK) amounting to R2 110 643 (2019) for the rendering of services starting in October 2014.The legal expert believe the municipality has a reasonable chance of success.

39. Deviation from supply chain management regulations

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

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

Figures in Rand	2020	2019
Sasfin Commercial Solutions - Sole Supplier	6 000	-
First Technology (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	5 176	-
Jan & Marcelle Ellis - Exceptional case and it is impractical or impossible to follow the official procurement processes	5 503	-
Overberg Agri - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	4 679	-
Sasfin Commercial Solutions - Sole Supplier	6 000	-
Sasfin Commercial Solutions - Sole Supplier	6 000	-
Wolters Kluwer Tax and Accounting SA (Pty) Ltd - Sole Supplier	17 242	-
Imesa Conference - Sole Supplier	16 200	-
West Coast Office National - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	2 537	-
Taylor's Automotive Services - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	9 425	-
Adapt IT (Pty) Ltd - Sole Supplier	68 233	-
Imesa Conference - Sole Supplier	8 100	-
Directech - Emergency	50 314	-
Taylor's Automotive Services - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	5 888	-
First Technology (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	10 212	-
GS Auto Visual - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	5 658	-
WEC-Consult (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	94 874	-
Aveng DFC - Workshop strip and quote	5 750	-
CIGFARO - Exceptional case and it is impractical or impossible to follow the official procurement processes	15 752	-
Business Engineering - Exceptional case and it is impractical or impossible to follow the official procurement processes	95 271	-
Overberg Agri - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	4 560	-
Roux & Van Dyk - Exceptional case and it is impractical or impossible to follow the official procurement processes	18 613	-
Business Engineering - Exceptional case and it is impractical or impossible to follow the official procurement processes	31 757	-
Barloworld Equipment - Sole Supplier	30 963	-
Barloworld Equipment - Sole Supplier	119 511	-
Continuous Professional Development - Exceptional case and it is impractical or impossible to follow the official procurement processes	20 698	-
Institute of Internal Auditors SA - Exceptional case and it is impractical or impossible to follow the official procurement processes	9 600	-
Vetties Waste (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	8 800	-
De Hoek Recreational Club - Exceptional case and it is impractical or impossible to follow the official procurement processes	8 000	-

Figures in Rand	2020	2019
39. Deviation from supply chain management regulations (continued)		
Spectacular Training and Conference - Exceptional case and it is impractical or impossible to follow the official procurement processes	5 727	-
Sasfin Commercial Solutions - Sole Supplier	6 000	-
Interactive Trading 498CC - Exceptional case and it is impractical or impossible to follow the official procurement processes	48 348	-
Bytes Systems Integration - Sole Supplier	41 215	-
Vetties Waste (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	8 801	-
Sulzer Pumps SA (Pty) Ltd - Workshop strip and quote	41 210	-
Bytes System Integration - Sole Supplier	17 638	-
Sulzer Pumps SA (Pty) Ltd - Workshop strip and quote	53 025	-
Sulzer Pumps SA (Pty) Ltd - Workshop strip and quote	41 210	-
De Kock Cronje - Sole Supplier	53 610	-
Enterprises University of Pretoria - Exceptional case and it is impractical or impossible to follow the official procurement processes	9 750	-
Panorama Psychiatry and Memory - Exceptional case and it is impractical or impossible to follow the official procurement processes	2 050	-
Vetties Waste (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	13 783	-
Michiel Johannes De Waal - Exceptional case and it is impractical or impossible to follow the official procurement processes	26 000	-
Ignite Advisory Services - Exceptional case and it is impractical or impossible to follow the official procurement processes	121 958	-
FRJ Electrical and Maintenance - Emergency	21 489	-
Working on Fire - Emergency	166 234	-
Working on Fire - Emergency	792 965	-
Imperatech Solutions - Exceptional case and it is impractical or impossible to follow the official procurement processes	33 332	-
Microsoft Ireland - Sole Supplier	1 139 838	-
Steve's Electrical - Exceptional case and it is impractical or impossible to follow the official procurement processes	3 105	-
AJ van Huffel Planthire - Emergency	179 944	-
Sasfin Commercial Solutions - Sole Suppliers	6 000	-
Work on Fire - Emergency	43 607	-
Ducharme Asset Management - Exceptional case and it is impractical or impossible to follow the official procurement processes	9 133	-
Namibia Tourism Expo - Exceptional case and it is impractical or impossible to follow the official procurement processes	40 224	-
Roux & Van Dyk - Exceptional case and it is impractical or impossible to follow the official procurement processes	4 127	-
Working on Fire - Emergency	86 851	-
First Technology - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	3 829	-
Bytes Systems Integration - Sole Supplier	618 782	-
Barloworld Equipment - Sole Supplier	39 775	-
Western Cape Resort Association - Exceptional case and it is impractical or impossible to follow the official procurement processes	2 930	-
Bytes Systems Integration - Sole Supplier	70 993	-
Bell Equipment - Sole Supplier	35 678	-
Roux & Van Dyk - Exceptional case and it is impractical or impossible to follow the official procurement pocesses	4 709	-
Hendrenco - Exceptional case and it is impractical or impossible to follow the official procurement processes	35 287	-
Aim Protection Services - Exceptional case and it is impractical or impossible to follow the official procurement processes	53 920	-
Ignite Advisory Services - Exceptional case and it is impractical or impossible to follow the official procurement processes	49 195	-
First Technology (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	90 266	-

Figures in Rand	2020	2019
39. Deviation from supply chain management regulations (continued)		
Imperatech Solutions - Exceptional case and it is impractical or impossible to follow the official procurement processes	26 665	-
Sasfin Commercial Solutions - Sole Supplier	-	5 000
Imperial Trucks - Sole Supplier	-	6 038
Imperial Trucks - Sole Supplier	-	8 552
Imperial Trucks - Sole Supplier	-	8 162
Imesa Conference - Sole Supplier	-	12 600
JB's Trucks - Sole Supplier	-	6 921
Unitrans Automotive - Sole Supplier	-	2 109
Barloworld Equipment - Strip & Quote	-	3 502
Imperial Trucks - Sole Supplier	-	6 314
Sasfin Commercial Solutions - Sole Supplier	-	5 000
Imperial Trucks - Sole Supplier	-	8 665
Wolters Kluwer Tax and Acount - Sole Supplier	-	16 498
Qauntum Design and Engineering - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.	-	7 774
Imperial Trucks - Sole Supplier	-	7 601
De Kock Panelbeaters & Spraypainters CC - Emergency	-	13 225
Charis 2014001244 SA (Pty) Ltd - Emergency	-	15 425
KSB Pumps and Valves - Strip & Quote	-	17 767
Ivan Vos & Associates - Exceptional case and it is impractical to follow the official procurement processes	-	15 000
Auma South Africa - Strip & Quote	-	34 173
Nelson Mandela Metropolitan University - Exceptional case and it is impractical to follow the official procurement processes	-	8 430
Sasfin Commercial Solutions - Sole Supplier	-	5 000
Imperial Trucks - Sole Suppliers	-	5 931
Stephen Du Plessis Grondverskuiwing	-	2 944
Chartered Institute of Government Finance, Audit & Risk Officers (CIGFARO) - Exceptional case and it is impractical to follow the official procurement processes	-	15 252
Auma South Africa - Strip and Quote	-	6 348
Imperial Trucks - Sole Supplier	-	5 630
Ezyed - Sole Supplier	-	633 783
Steve's Electrical - Exceptional case and it is impractical to follow the official procurement prosesses	-	9 442
Institute of Internal Auditors - Exceptional case and it is impractical to follow the official procurement prosesses	-	5 560
Interactive Trading 488 cc - Exceptional case and it is impractical to follow the official procurement prosesses	-	46 005
Sasfin Commercial Solutions - Sole Supplier	-	5 000
Imperial Trucks - Sole Supplier	-	6 771
Imperial Trucks - Sole Supplier	-	6 001
VI Instruments - Sole Supplier	-	4 110
Ivan Vos & Associates - Exceptional case and it is impractical to follow the official procurement prosesses	-	15 000
Auma South Africa - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of work required in order to call for bids	-	52 575
Imperial Trucks - Sole Supplier	-	6 010
Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes	-	268 550
Sasfin Commercial Solutions - Sole Suppliers	-	5 000
Imperial Trucks - Sole Supplier	-	5 967
Directech - Exceptional case and it is impractical to follow the official procurement processes	-	5 060
Bytes Systems Integration - Sole Supplies	-	124 644
LH Marthinusen - Strip & Quote	-	134 902
Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes	-	185 617
Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes	-	14 939

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
39. Deviation from supply chain management regulations (continued)		
Wec-Consult - Exceptional case and it is impractical to follow the official procurement processes	-	368 642
Vision Elevators - Exceptional case and it is impractical to follow the official procurement processes	-	511 678
Moorreesburg Aircons - Emergency	-	6 269
Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes	-	20 240
Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes	-	22 126
Groter Cederberg Brandbeskerming - Emergency	-	4 356
Groter Cederberg Brandbeskerming - Emergency	-	29 392
Working on Fire - Emergency	-	99 970
Sasfin Commercial Solutions - Sole Supplier	-	5 000
Kruger & Blignaut Attorneys - Exceptional case and it is impractical to follow the official procurement processes	-	3 531
Working on Fire - Emergency	-	44 738
Avalon Works - Exceptional case and it is impractical to follow the official procurement processes	-	4 975
Synergy Oil and Gas Consulting - Exceptional case and it is impractical to follow the official procurement processes	-	29 500
Viking Pony Africa (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	-	10 510
LH Marthinusen (Pty) Ltd - Strip & Quote	-	126 405
Working on Fire - Emergency	-	222 821
Sasfin Commercial Solutions - Sole Supplier	-	5 000
Unisa - Exceptional case and it is impractical to follow the official procurement processes	-	21 000
Nextec Industrial Techologies - Exceptional case and it is impractical to follow the official procurement processes	-	440 296
Business Engineering - Exceptional case and it is impractical to follow the official procurement processes	-	315 238
Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes	-	21 934
Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes	-	5 740
Working on Fire - Emergency	-	3 644
Audio Visual Centre - Exceptional case and it is impractical to follow the official procurement processes	-	3 575
University of Stellenbosch - Exceptional case and it is impractical to follow the official procurement processes	-	23 800
Saldanha Diving and Blasting - Emergency	-	34 500
Sasfin Commercial Solutions - Sole Supplier	-	5 000
AFG Fluid Control - Emergency	-	14 854
Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes	-	310 803
Namibia Tourism Expo - Exceptional case and it is impractical to follow the official procurement processes	-	41 035
Directech - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	-	9 718
Charis 2014001244 SA (Pty) Ltd - Strip & Quote	-	2 240
Worling on Fire - Emergency	-	372 040
Roux & Van Dyk - Exceptional case and it is impractical to follow the official procurement processes	-	21 033
Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes	-	208 725
Sasfin Commercial Solutions - Sole Supplier	-	5 000
Vetties Waste (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	-	4 807
Working on Fire - Emergency	-	72 146

Figures in Rand	2020	2019
39. Deviation from supply chain management regulations (continued)		
De Kock Cronje - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	-	17 466
Sasfin Commercial Solutions - Sole Supplier	-	6 000
Wesgro - Exceptional case and it is impractical to follow the official procurement processes	-	50 000
Wesgro - Exceptional case and it is impractical to follow the official procurement processes	-	30 000
Working on Fire - Emergency	-	2 314
Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes	-	234 392
Business Engineering - Exceptional case and it is impractical to follow the official procurement processes	-	95 271
Surtie Supply and Services - Emergency	-	7 300
Surtie Supply and Services - Exceptional case and it is impractical to follow the official procurement processes	-	8 550
De Kock Cronje - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	-	21 396
Wec-Consult (Pty) Ltd - Exceptional case and it is impractical to follow the official procurement processes	-	73 733
Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes	-	223 229
Working on Fire - Emergency	-	102 828
Sultzer Pumps SA - Ad-hoc repairs to plant and equipment where it is impractical or imposible to follow the official procurement process	-	782 362
Nextec Industrial Technologies - Exceptional case and it is impractical to follow the official procurement processes	-	558 243
	4 740 519	**7 450 162**

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

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

Cummins South Africa - Mr M Mokoka - W & R Seta - Director	2 403	4 624
Global Africa Network - Mr S Mabotja - Department of Agriculture - Director	-	235 935
Piston Power Chemicals CC - Mrs N Andhee - KZN Department of Education - Teacher	402 141	583 205
IOMU Trading (Pty) Ltd - Mrs A Appollis - Department of Correctional Services - Employee	178 917	364 669
Nyetleti General Supply Company - Mr K Munyama - National Statistics of SA - Employee	-	13 999
African Oxygen Limited - Nomfundo Qangule - Goega Development Corporation - Employee	92 174	195 525
M C Bakwerke - Mrs R Mckrieling - West Coast District Municipality - Clerk	3 500	73 350
Global Credit Rating Co - Mr M Ngoasheng - Goega Development Corporation - Non-executive director	198 375	198 375
Sivad Trading (Pty) Ltd - Mrs Y Davis Michaels - Department of International Relations - Clerk	19 769	42 626
Blackbird Trading CC - Mrs M Smit - Swartland Municipality - Snr Clerk	21 000	6 500
Golden Rewards 1873CC - Mr R de Jager - WC : Department of Education - Teacher	70 149	97 400
Ithuba Industries - Mrs De Monrey - Sir Lowry's Pass Primary - Teacher	523 435	658 896
CICFARO - Various Directors - Various Municipalities	-	25 612
JB's Nissan - Mr R Kortje - Department of Education - Teacher	17 902	56 026
JB's Nissan - Mr R Kortje - Department of Education - Teacher	158 774	146 654
Extreme Boards (Pty) Ltd - Mrs A Matthyse - Director	1 508	-
Johan van Wyk - Mr J van Wyk - Stellenbosch Municipality - Employee	-	50 930
Multimode Trading - Mrs H Esterhuizen - South African Police Services - Employee	23 849	31 747

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
39. Deviation from supply chain management regulations (continued)		
Anka Spyseniering - Mr's A and K Frans - West Coast District Municipality - Employee	29 250	42 000
DJ Vibrations - Mrss H & M Lakey - Members	2 000	-
ISPY Trade (Pty) Ltd - Miss Ntshebo Lebuso - Director	158 125	-
Euraf Agencies CC - Mrs R Fourie - Employee	17 850	2 471
Ladybugs Innovative Marketing (Pty) Ltd - Mr R Levendal - Employee	-	21 114
Bubbles Household Chemicals - Miss C Pieters - Employee	38 402	39 261
Blue Planet Trading (Pty) Ltd - Mr W de Kock - Employee	-	346 544
Dinah Traders - Mr N Hendricks - Employee	133 919	-
	2 093 442	3 237 463

40. Reticulation Losses

	2020	2019
Water		
Kilolitres purchased - after purification	17 519 750	17 502 755
Kilolitres sold	(17 149 652)	(16 794 633)
Reticulation loss	370 098	708 122
Percentage	2.11%	4.05%

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

Electricity

No electricity losses were incurred.

41. 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.

Net surplus per the statement of financial performance	20 834 373	17 139 255
Adjusted for :	-	-
Accounts exceeding budget	-	-
Service concession revenue	-	16 618 817
Investment revenue	(5 075 796)	(8 447 677)
Resort income	(1 151 960)	(1 588 226)
Other own revenue	(5 364 240)	976 911
Interest on debtors	-	(7 752)
Agency services	-	(1 160 014)
Licence and permits	-	(191 339)
Employee costs	-	1 473 736
Finance charges	-	3 498 050
Accounts not exceeding budget	-	-
Employee costs	(5 295 439)	-
Transfers recognised - operational and capital	932 373	2 898 472
Agency service	5 594 717	-
Service concession revenue	28 886 333	-
Interest on debtors	9 637	-
Licence and permits	20 190	-
Finance charges	(1 188 219)	-
Bulk purchases	(4 729 846)	(5 325 800)
Debt impairment	(145 440)	(573 058)
Depreciation and asset impairment	(1 685 567)	(12 282 577)
Other expenditure	(16 824 730)	(3 854 006)
Other materials	(22 084 386)	(18 415 507)
	(7 268 000)	**(9 240 715)**

42. Road agency services

Revenue recognised	139 515 283	138 309 015

43. Actuarial gains recognised - employee benefits

Medical aid benefits - refer to note 15 and 16	13 936 324	6 470 442

44. Finance income

Short-term investments	19 662 874	21 745 419
Primary bank account	4 035 965	2 301 216
Water service concession	2 202 936	3 857 845
	25 901 775	**27 904 480**

45. Allowance for impairment

Other receivables from exchange transactions	-	-
Trade receivables from exchange transactions - Refer to note 5	604 560	226 942
	604 560	**226 942**

46. Repairs and maintenance

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

Figures in Rand	2020	2019

46. Repairs and maintenance (continued)

Repairs and maintenance per asset class	Buildings	Infrastructure	Other	Investment property	Total - 30 June 2020
Water reticulation	-	2 558 880	-	-	2 558 880
Buildings	814 903	-	-	264 253	1 079 156
Computer equipment	-	-	10 592	-	10 592
Furniture and office equipment	-	-	4 401	-	4 401
Machinery and equipment	-	-	5 073 530	-	5 073 530
Transport assets	-	-	1 483 255	-	1 483 255
	814 903	2 558 880	6 571 778	264 253	10 209 814

The repairs and maintenance expenses for the year amounts to R74 300 276, R57 968 045 of the amount pertains to the cost of repairs incurred on the provincial roads in terms of a signed agreement between the Department of Transport and Public works on an agency basis. The remaining R10 209 814 pertains to repair cost incurred to the municipal assets as depicted in the note above.

Repairs and maintenance per asset class	Buildings	Infrastructure	Other	Investment property	Total - 30 June 2019
Water reticulation	-	1 497 951	-	-	1 497 951
Buildings	1 120 543	-	-	448 980	1 569 523
Computer equipment	-	-	6 001	-	6 001
Furniture and office equipment	-	-	1 260	-	1 260
Machinery and equipment	-	-	5 088 292	-	5 088 292
Transport assets	-	-	1 426 290	-	1 426 290
	1 120 543	1 497 951	6 521 843	448 980	9 589 317

The repairs and maintenance expense for the year amounts to R57 968 045, R48 373 728 of the amount pertains to the cost of repairs incurred on the provincial roads in terms of a signed agreement between the Department of Transport and Public works on an agency basis. The remaining R9 589 317 pertains to repair cost incurred to the municipal assets as depicted in the note above.

47. Materials and supplies

Materials	32 866 113	40 468 471

48. Fees earned

Environmental health certificates and trading	303 407	446 183

49. Transfers and subsidies

Farmer support houses	166 843	196 857
Local municipal support	3 540 611	2 037 038
	3 707 454	2 233 895

Figures in Rand	2020	2019

50. Distribution provision

Balance at the beginning of the year	32 331 767	(7 043 651)
Contribution for the year - Refer to note 18	39 903 090	35 158 231
Payments to local municipalities	(28 114 580)	-
VAT payable to local municipalities	5 985 463	4 217 187
	50 105 740	32 331 767

West Coast District Municipality (operator) is operating a water concession on behalf of the following B (local) municipalities (grantor), namely Saldanha Bay, Swartland and Bergriver. The current water concession agreement will be terminated at 30 June 2022. The stakeholders (operator and grantor) are however busy with a Section 78 process in terms of the Local Government : Municipal System Act, 2000 (Act 32 of 2000) to decide on the future service delivery mechanism.

West Coast District Municipality as the operator of the water concession is responsible for the day to day operations of the bulk water purification works, including the maintaining of the water network. The relevant local municipalities (grantor) are responsible to capital replacement and upgrading. The only change facilitated during the financial year was the tariff stucture. Cashflows are limited to the sale of water that are based on the tariff charged in terms of the agreement. Future cashflows is dependent on the Section 78 process and future agreements.

51. Change in accounting estimate

Property, plant and equipment

The following change in estimate amounting to R93 511 (2019: R245 890) was made to depreciation of other assets with zero book values but still in use reported in the financial statements of the municipality and is applied prospectively.

Depreciation adjustment to other assets	93 511	245 890

52. Asset receivable - local municipalities

Current portion of the asset receivable - local municipalities	8 381 730	14 728 192
Non-current portion of the asset receivable - local municipalities	4 742 012	11 066 453
	13 123 742	25 794 645

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

53. Reclassifications

The municipality reclassified the water concession distribution provision due to the following B (local) municipalities (grantor), namely Saldanha Bay, Swartland and Bergriver from non-current liabilities to current liabilities. Refer to note 50 for more information regarding the provision.

Statement of Financial Position	Balance before adjustment	Adjustment	Balance after adjustment
Non-Current Liabilities - Distribution provision	32 331 767	(32 331 767)	-
Current Liabilities - Distribution provision	-	32 331 767	32 331 767
	32 331 767	-	32 331 767

West Coast District Municipality
Appendix A
June 2020

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2020.

	Act. Bal. Rand	Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service concession revenue	82 449 591	111 335 924	(28 886 333)	(25,9)	Due to COVID 19 national lock-down and distribution transfer to provision.
Rental of facilities and equipment	3 923 329	2 771 369	1 151 960	41,6	More income then expected.
Interest received - Investments	25 901 775	20 825 979	5 075 796	24,4	More interest received.
Interest received - Debtors received	52 556	62 193	(9 637)	(15,5)	Increase in the bad debt provision.
Agency services	139 515 283	145 110 000	(5 594 717)	(3,9)	Due to COVID 19 national lock-down.
Licences and permits	303 407	323 597	(20 190)	(6,2)	
Transfers recognised - operating	100 483 627	100 119 000	364 627	0,4	
Transfers recognised - capital	-	1 297 000	(1 297 000)	(100,0)	This grant forms part of operating.
Other revenue	28 820 409	23 456 169	5 364 240	22,9	Due to COVID 19 national lock-down.
	381 449 977	405 301 231	(23 851 254)	(5,9)	
Expenses					
Employee costs	(188 164 520)	(193 424 676)	5 260 156	(2,7)	
Remuneration of councillors	(6 724 574)	(6 759 857)	35 283	(0,5)	
Debt impairment	(604 560)	(750 000)	145 440	(19,4)	Less expenditure then expected.
Depreciation and asset impairment	(9 401 281)	(11 086 848)	1 685 567	(15,2)	Less capital expenditure due to COVID 19 national lock-down.
Finance charges	(2 202 936)	(3 391 155)	1 188 219	(35,0)	Decrease in outstanding loans.
Other materials	(32 866 113)	(54 950 499)	22 084 386	(40,2)	Less expenditure due to COVID 19 national lock-down.
Bulk purchases	(8 758 774)	(13 488 620)	4 729 846	(35,1)	Less expenditure due to COVID 19 national lock-down.
Transfers and subsidies	(3 707 454)	(4 723 380)	1 015 926	(21,5)	Less expenditure due to COVID 19 national lock-down.
General Expenses	(108 185 392)	(123 994 196)	15 808 804	(12,7)	Less expenditure due to COVID 19 national lock-down.
	(360 615 604)	(412 569 231)	51 953 627	(12,6)	
Net surplus/ (deficit) for the year	20 834 373	(7 268 000)	28 102 373	(386,7)	

West Coast District Municipality

Appendix B

June 2020

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Carrying value Rand
Land and buildings														
Land	27 781 447	-	-	-		-	27 781 447	-	-	-	-	-	-	27 781 447
	27 781 447	-	-	-	-	-	27 781 447	-	-	-	-	-	-	27 781 447
Infrastructure														
Electricity supply / reticulation	372 715			-			372 715	(111 532)		(9 260)			(120 792)	251 923
Mini sub stations	3 663						3 663	(1 251)		(92)			(1 343)	2 320
Pump stations	14 289					-	14 289	(5 548)	-	(358)			(5 906)	8 383
Reservoirs	3 328					-	3 328	(1 619)	-	(134)	-		(1 953)	1 375
Electric panels	44					-	44	(15)	-	(1)	-		(16)	28
Electricity perimeter protection	53 529		-	-		-	53 529	(26 229)	-	(2 147)			(28 376)	25 153
Other	1 324 396			-		-	1 324 396	(97 387)	-	(84 551)	-		(181 938)	1 142 458
	1 771 964	-	-	-	-	-	1 771 964	(243 781)	-	(96 643)	-	-	(340 324)	1 431 640
Buildings														
Residences (Personnel)	1 731 331	190 491	172 500			-	2 094 322	(535 757)	(100 221)	(67 236)			(703 214)	1 391 108
Warehouses	1 416 000		-				1 416 000	(778 583)	-	(70 963)			(849 546)	566 454
Community halls	8 417	-	-				8 417	(4 630)	-	(422)	-		(5 052)	3 365
Office buildings	6 620 968	1 662 659	91 956				8 375 803	(3 586 869)	(346 754)	(367 009)	-	-	(4 300 632)	4 075 171
Recreational facilities	17 081		-			-	17 081	(2 009)	-	(571)			(2 580)	14 501
Clinics / Ambulance	1 845 076	1 404 364	-				3 249 440	(446 975)	(1 177 771)	(162 911)			(1 787 657)	1 461 783
Non residential perimeter protection	69 592						69 592	(11 320)	-	(2 792)			(14 112)	55 480
Workshops / Store rooms	556 893						556 893	(245 038)		(22 336)			(267 374)	·289 519
Public parking	1 004 546	-				-	1 004 546	(552 510)	-	(50 363)			(602 873)	401 673
Fire, safety & emergency	37 019 110	(3 249 440)	154 963				33 924 633	(18 940 865)	1 624 746	(1 697 733)			(19 013 852)	14 910 781
Car ports / Garage	5 047						5 047	(1 724)		(127)			(1 851)	3 196
Internal roads	261 722	(8 274)	-	-	-	-	253 448	(115 378)	-	(8 465)		-	(123 843)	129 605
	50 555 803	-	419 419	-	-	-	50 975 222	(25 221 658)	-	(2 450 928)	-	-	(27 672 586)	23 302 636

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Carrying value Rand
Other assets														
General vehicles	37 805 111		2 152 540	(310 378)			39 647 273	(27 463 997)		(1 875 343)	279 330		(29 060 010)	10 587 263
Audiovisual equipment	562 534		161 881	(3 229)			721 186	(400 343)		(42 984)	3 186		(440 141)	281 045
Computer Equipment	7 970 431		4 222 498	(258 763)			11 934 166	(3 812 432)		(615 597)	254 923		(4 173 106)	7 761 060
Domestic equipment	93 503			(781)		-	92 722	(40 598)		(12 612)	740		(52 470)	40 252
Electrical wire and power distribution	18 452			-			18 452	(3 768)		(2 806)	-		(6 574)	11 878
Emergency / rescue equipment	1 161 620			(586)		-	1 161 034	(743 348)		(109 600)	424		(852 524)	308 510
Elevator systems	6 398		-	(6 398)	-		-	(6 264)	-	(25)	6 289		-	-
Fire fighting equipment	6 276 082		1 685 052	(276)			7 960 858	(3 742 620)		(689 299)	235		(4 431 684)	3 529 174
Gardening equipment	246 291		14 081	(709)			259 663	(197 831)		(25 808)	884		(222 755)	36 908
Kitchen appliances	591 825		44 904	(52 988)			583 741	(308 800)		(36 842)	43 237		(302 405)	281 336
Laboratory equipment	1 080 846		73 630	(1 435)	-		1 153 041	(589 063)	-	(106 832)	1 406		(694 489)	458 552
Medical and allied equipment	148 444		77 991	-			226 435	(146 563)		(631)	-		(147 194)	79 241
Pump / Pluming	2 556 269		136 202	-			2 692 471	(1 005 888)		(501 282)	-		(1 507 170)	1 185 301
Radio equipment	2 821 694	57 571	492 692	(25 430)			3 346 527	(1 699 459)		(259 838)	24 849		(1 934 448)	1 412 079
Security equipment	172 499	-	148 779	-			321 278	(97 495)		(62 818)	-		(160 313)	170 965
Workshop equipment	3 178 980	-	73 689	(25 307)			3 227 362	(2 906 653)		(78 662)	17 553		(2 967 762)	259 600
Air conditioners	927 039	-	26 231	(12 718)			940 552	(646 950)		(37 116)	12 405	-	(671 661)	268 891
Office furniture	3 964 421	-	163 449	(29 421)			4 098 449	(3 641 129)		(93 992)	28 552		(3 706 569)	391 880
Domestic and hostel furniture	1 606 160	-	124 951	(41 303)			1 689 808	(1 138 750)		(89 118)	38 209		(1 189 659)	500 149
Other	1 959 944	(57 571)	330 738	(3 397)			2 229 714	(931 569)	-	(262 254)	3 293	-	(1 190 530)	1 039 184
	73 150 843	-	9 929 308	(773 119)	-	-	82 306 732	(49 523 816)	-	(4 883 281)	719 316	-	(53 703 464)	28 603 268

Analysis of property, plant and equipment as at 30 June 2020

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassification Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	27 781 447						27 781 447						-	27 781 447
Infrastructure	1 771 964		-				1 771 964	(243 781)	-	(96 543)	-		(340 324)	1 431 640
Buildings	50 555 803		419 419	-			50 975 222	(25 221 658)	-	(2 450 928)	-		(27 672 586)	23 302 636
Other assets	73 150 543		9 929 308	(773 119)	-	-	82 306 732	(49 523 518)	-	(4 893 261)	713 315	-	(53 703 464)	28 603 268
	153 259 757	-	10 348 727	(773 119)	-	-	162 835 365	(74 988 957)	-	(7 440 732)	713 315	-	(81 716 374)	81 118 991
Intangible assets														
Computers - software & programming and internally generated masthead	3 552 659	-	578 628	(206 095)	556 920	-	4 482 112	(3 203 036)	-	(111 771)	202 306	-	(3 112 501)	1 369 611
Concession arrangement	105 500 000	(16 476 652)	-	(89 023 348)		-	-	(103 684 724)	16 476 852	(1 815 476)	89 023 348	-	-	
	109 052 659	(16 476 652)	578 628	(89 229 443)	556 920	-	4 482 112	(106 887 760)	16 476 852	(1 927 247)	89 225 654	-	(3 112 501)	1 369 611
Investment properties														
Investment property	5 508 050	-	4 724	-	-	-	5 512 774	(1 002 187)		(33 301)			(1 035 488)	4 477 286
	5 508 050	-	4 724	-	-	-	5 512 774	(1 002 187)	-	(33 301)	-	-	(1 035 488)	4 477 286
Total														
Land and buildings	27 781 447		-				27 781 447	-		-			-	27 781 447
Infrastructure	1 771 964		-		-	-	1 771 964	(243 781)		(96 543)			(340 324)	1 431 640
Buildings	50 555 803		419 419				50 975 222	(25 221 658)		(2 450 928)	-		(27 672 586)	23 302 636
Other assets	73 150 543		9 929 308	(773 119)	-	-	82 306 732	(49 523 518)	-	(4 893 261)	713 315		(53 703 464)	28 603 268
Intangible assets	109 052 659	(16 476 652)	578 628	(89 229 443)	556 920		4 482 112	(106 887 760)	16 476 852	(1 927 247)	89 225 654		(3 112 501)	1 369 611
Investment properties	5 508 050	-	4 724	-		-	5 512 774	(1 002 187)	-	(33 301)		-	(1 035 488)	4 477 286
	267 820 466	(16 476 652)	10 932 079	(90 002 562)	556 920	-	172 830 251	(182 878 904)	16 476 852	(9 401 280)	89 938 969	-	(85 864 363)	86 965 888

West Coast District Municipality

Appendix B

July 2019

Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassifications Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	Reclassifications Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	26 760 390	-	1 021 057	-		-	27 781 447	-		-	-		-	27 781 447
	26 760 390	-	1 021 057	-	-	-	27 781 447	-	-	-	-	-	-	27 781 447
Infrastructure														
Electricity supply / reticulation	372 715					-	372 715	(102 297)		(9 235)			(111 532)	261 183
Mini sub stations	3 663						3 663	(1 159)		(92)			(1 251)	2 412
Pump stations	14 289						14 289	(5 190)		(358)			(5 548)	8 741
Reservoirs	3 328			-	-	-	3 328	(1 686)		(133)			(1 819)	1 509
Electric panels	44		-				44	(14)		(1)			(15)	29
Electricity perimeter protection	53 529		-	-			53 529	(24 087)		(2 142)			(26 229)	27 300
Other	1 313 046		-			-	1 313 046	(13 499)	-	(83 888)	-	-	(97 387)	1 215 661
	1 760 816	-	-	-	-	-	1 760 816	(147 932)	-	(95 849)	-	-	(243 781)	1 516 835
Community Assets														
Residences (Personnel)	1 559 601		179 999			-	1 739 600	(437 757)		(98 000)			(535 757)	1 203 843
Warehouses	1 416 000	-				-	1 416 000	(707 813)		(70 770)			(778 583)	637 417
Community halls	8 417	-				-	8 417	(4 209)		(421)	-	-	(4 630)	3 787
Office buildings	6 606 640	-	14 346			-	6 620 986	(3 255 967)		(330 902)			(3 586 869)	3 034 119
Recreational facilities	17 081		-			-	17 081	(1 439)		(570)			(2 009)	15 072
Clinics	1 845 076		-			-	1 845 076	(403 548)	-	(43 427)	-	-	(446 975)	1 398 101
Non residential perimeter protection	18 592		51 000			-	69 592	(9 419)		(1 901)			(11 320)	58 272
Workshops / Store rooms	556 893		-			-	556 893	(222 763)		(22 275)			(245 038)	311 855
Public parking	1 004 846	-	-	-		-	1 004 846	(502 285)		(50 225)			(552 510)	452 036
Fire, safety & emergency	36 556 037	-	454 073				37 019 110	(17 151 900)	-	(1 788 965)			(18 940 865)	18 078 245
Car ports / Garage	5 047	-				-	5 047	(1 472)	-	(252)	-		(1 724)	3 323
Internal roads	261 722						261 722	(106 935)	-	(8 443)	-	-	(115 378)	146 344
	49 854 652		709 420	-	-	-	50 584 072	(22 805 807)	-	(2 416 151)	-	-	(25 221 958)	25 342 414

Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassifications Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	Reclassifications Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														
General vehicles	37 379 903		1 545 132	(1 119 924)			37 805 111	(26 668 230)		(1 801 142)	1 005 375		(27 463 997)	10 341 114
Audiovisual equipment	474 732		87 802	-		-	562 534	(371 193)		(29 150)	-		(400 343)	162 191
Computer Equipment	4 894 481		3 155 924	(79 974)		-	7 970 431	(3 528 804)	-	(361 661)	78 033		(3 812 432)	4 157 999
Domestic equipment	67 152		26 351	-			93 503	(38 766)		(1 832)	-		(40 598)	52 905
Electrical wire and power distribution	8 903		9 549				18 452	(2 364)		(1 402)			(3 766)	14 686
Emergency / Rescue equipment	1 157 740		3 880			-	1 161 620	(635 470)	-	(107 878)			(743 348)	418 272
Elevator systems	6 398		-				6 398	(6 235)		(29)			(6 264)	134
Fire fighting equipment	5 278 609		997 473			-	6 276 082	(3 138 964)		(603 656)			(3 742 620)	2 533 462
Gardening equipment	234 961		11 330			-	246 291	(177 536)		(20 295)			(197 831)	48 460
Kitchen appliances	468 929		122 896				591 825	(282 469)		(26 331)			(308 800)	283 025
Laboratory equipment	1 075 644		5 202				1 080 846	(474 032)		(115 031)			(589 063)	491 783
Medical and allied equipment	148 444	-					148 444	(141 770)		(4 793)			(146 563)	1 881
Pump / Pluming	2 556 269		-	-		-	2 556 269	(511 796)		(494 092)			(1 005 888)	1 550 381
Radio equipment	2 772 148		78 332	(28 786)			2 821 694	(1 479 588)		(219 871)			(1 699 459)	1 122 235
Security equipment	170 178		2 321	-			172 499	(63 879)		(33 616)	-		(97 495)	75 004
Workshop equipment	3 236 835		124 512	(182 367)			3 178 980	(2 835 694)	-	(187 810)	116 851	-	(2 906 653)	272 327
Air conditioners	927 544		-	(505)			927 039	(656 643)		9 693	-		(646 950)	280 089
Office furniture	3 931 280		33 141	-			3 964 421	(3 593 619)		(47 510)			(3 641 129)	323 292
Domestic and hostel furniture	1 474 060		134 100	-			1 608 160	(1 074 919)		(63 831)	-		(1 138 750)	469 410
Other	1 461 767		514 405	(12 944)	-	-	1 963 228	(747 954)	-	(254 027)	70 205	-	(931 776)	1 031 452
	67 725 977	-	6 852 330	(1 424 500)	-	-	73 163 827	(46 429 925)	-	(4 384 264)	1 270 464	-	(49 523 725)	23 630 102

Analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	WIP Rand	Reclassifications Rand	Closing Balance Rand	Opening Balance Rand	Corrections and Transfers Rand	Additions Rand	Disposals Rand	Reclassifications Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	26 760 390		1 021 057				27 781 447						-	27 781 447
Infrastructure	1 760 616		-				1 760 616	(147 932)		(95 849)			(243 781)	1 516 835
Community Assets	49 854 652		709 420	-			50 564 072	(22 805 507)	-	(2 416 151)	-		(25 221 656)	25 342 414
Other assets	67 725 977	-	6 652 350	(1 424 500)		-	73 153 827	(46 429 925)	-	(4 364 264)	1 270 464		(49 523 725)	23 630 102
	146 101 636	-	8 382 827	(1 424 500)		-	153 259 962	(69 383 364)	-	(6 876 264)	1 270 464	-	(74 989 164)	78 270 798
Intangible assets														
Computers - software & programming	8 241 850	-		(4 970 093)	837 822		4 109 579	(8 142 900)	-	(30 205)	4 970 093		(3 203 012)	906 567
Concession arrangement	105 500 000					-	105 800 000	(101 869 449)		(1 815 275)	-		(103 684 724)	1 815 276
	-	-	-	-		-	-	-		-		-	-	-
	113 741 850	-		(4 970 093)	837 822	-	109 909 579	(110 012 349)	-	(1 845 480)	4 970 093	-	(106 887 736)	2 721 843
Investment properties														
Investment property	5 508 050					-	5 508 050	(968 978)	-	(33 209)	-		(1 002 187)	4 505 863
	5 508 050	-	-	-	-	-	5 508 050	(968 978)	-	(33 209)	-	-	(1 002 187)	4 505 863
Total														
Land and buildings	26 760 390		1 021 057	-	-	-	27 781 447	-		-			-	27 781 447
Infrastructure	1 760 616		-			-	1 760 616	(147 932)		(95 849)	-		(243 781)	1 516 835
Community Assets	49 854 652		709 420				50 564 072	(22 805 507)		(2 416 151)	-		(25 221 656)	25 342 414
Other assets	67 725 977		6 652 350	(1 424 500)			73 153 827	(46 429 925)		(4 364 264)	1 270 464		(49 523 725)	23 630 102
Intangible assets	113 741 850			(4 970 093)	837 822	-	109 909 579	(110 012 349)	-	(1 845 480)	4 970 093	-	(106 887 736)	2 721 843
Investment properties	5 508 050		-				5 508 050	(968 978)		(33 209)			(1 002 187)	4 505 863
	265 351 536	-	8 382 827	(6 394 593)	837 822	-	268 677 591	(180 384 691)	-	(8 754 953)	6 240 557	-	(182 879 087)	85 498 504

West Coast District Municipality
Appendix C
June 2020

Segmental analysis of property, plant and equipment as at 30 June 2019

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Corrections and Transfers Rand	WIP Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Corrections and Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Administration	25 502 670	727 347	(58 493)				26 171 524	(8 416 035)	57 560		(722 812)		(9 081 287)	17 090 237
Council general	312 971	417 570	(24 717)				705 824	(291 473)	24 056		(16 988)		(284 405)	421 419
Municipal manager	182 527		(1 259)				181 268	(85 449)	1 248		(14 468)		(98 669)	82 599
Tourism	177 655	13 400	(2 700)				188 355	(153 778)	2 617		(6 923)		(158 084)	30 271
Internal audit	43 748	767	(539)				43 976	(42 409)	533		(577)		(42 453)	1 523
Human resources	408 633	32 312	(226 349)				214 596	(385 154)	222 188		(9 541)		(172 507)	42 089
Strategic services	79 428	238 680	(2 569)				315 539	(69 690)	2 534		(16 683)		(83 839)	231 700
Risk management	27 482		-				27 482	(26 571)	-		(293)		(26 864)	618
Health	3 682 544	339 232	(8 589)				4 013 187	(1 641 463)	8 414		(194 022)		(1 827 071)	2 186 116
Ganzekraal - Public amenity	8 143 704	230 399	(86 135)				8 287 968	(2 685 488)	71 640		(172 022)		(2 785 870)	5 502 098
Disaster management - Public safety	67 475 512	2 237 730	(31 044)				69 682 198	(40 788 005)	30 045		(3 227 759)		(43 985 719)	25 696 479
Disaster management - Public safety	13 860 554	430 563	(30 715)				14 260 402	(7 573 961)	29 669	-	(739 069)	-	(8 283 361)	5 977 041
Finance	97 784 080	1 031 552	(89 116 925)				9 698 707	(93 455 679)	89 116 079	-	(2 169 302)	-	(6 508 902)	3 189 805
Land & buildings	1 700 372	193 497	(407 638)				1 486 231	(3 354)	-		(157 600)		(160 954)	1 325 277
Water	28 636 015	2 185 845			-		30 821 860	(10 716 863)	367 567		(1 610 731)		(11 960 027)	18 861 833
Planning and development	-		-		556 920		556 920	-	-		-		-	556 920
Development	61 109		(4 888)				56 221	(55 586)	4 719		(1 618)		(52 485)	3 736
Information technology	3 264 827	2 853 165	-	-	-	-	6 117 992	(10 992)	-	-	(340 873)	-	(351 865)	5 766 127
	251 343 811	10 932 079	(90 002 560)	-	556 920	-	172 830 250	(166 402 050)	89 938 969	-	(9 401 281)	-	(85 864 362)	86 965 888

West Coast District Municipality
Appendix D
June 2020

Segmental Statement of Financial Performance for the year ended

30 June 2019				30 June 2020		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Municipality			
(40)	12 982 168	(12 982 208)	Executive & Council/Mayor and Council	987 849	15 505 897	(14 518 048)
127 603 274	46 324 802	81 278 472	Finance & Admin/Finance	136 487 657	49 301 248	87 186 409
610 376	8 736 630	(8 126 254)	Planning and Development/Economic Development/Plan	329 149	8 695 964	(8 366 815)
9 928 980	23 866 190	(13 937 210)	Health/Clinics	10 882 404	24 990 856	(14 108 452)
(2 199)	2 014 919	(2 017 118)	Comm. & Social/Libraries and archives	128 600	2 218 395	(2 089 795)
2 124 965	1 341 102	783 863	Housing	2 316 639	851 355	1 465 284
10 044 075	37 093 241	(27 049 166)	Public Safety/Police	15 152 160	40 915 728	(25 763 568)
4 240 263	5 266 833	(1 026 570)	Sport and Recreation	3 923 329	5 323 010	(1 399 681)
450 000	450 000	-	Waste Water Management/Sewerage	-	52 211	(52 211)
131 361 308	131 361 308	-	Road Transport/Roads	133 331 130	133 384 596	(53 466)
74 042 747	73 827 301	215 446	Water/Water Distribution	77 911 060	79 376 344	(1 465 284)
360 403 749	**343 264 494**	**17 139 255**		**381 449 977**	**360 615 604**	**20 834 373**

West Coast District Municipality
Appendix E (1)
June 2020

Schedule of external loans as at 30 June 2020

	Loan Number	Redeemable	Balance at 30 June 2019 Rand	Interest paid less interest not paid during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2020 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
External loans								
DBSA	1	30/06/2020	6 427 968	-	6 427 968	-	-	-
ABSA	1	31/12/2021	10 681 954	(214 760)	4 843 452	5 623 742	-	-
DBSA	1	31/10/2022	10 500 000	-	3 000 000	7 500 000	-	-
			27 609 922	**(214 760)**	**14 271 420**	**13 123 742**	**-**	**-**

West Coast District Municipality
Appendix E(2)
June 2020

Budget Analysis of Capital Expenditure as at 30 June 2020

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	455 239	1 219 341	764 102	63	Less expenditure due to COVID 19 national lock-down.
Finance & Admin/Finance	4 805 560	4 957 067	151 507	3	
Planning and Development/Economic Development/Plan	238 680	238 680	-	-	
Health	339 231	556 363	217 132	39	Less expenditure due to COVID 19 national lock-down.
Comm. & Social	430 583	610 160	179 577	29	Less expenditure due to COVID 19 national lock-down.
Public Safety/Police	2 237 729	2 642 246	404 517	15	Less expenditure due to COVID 19 national lock-down.
Sport and Recreation	230 399	592 429	362 030	61	Less expenditure due to COVID 19 national lock-down.
Water/Water Distribution	2 181 258	2 597 948	416 690	16	Less expenditure due to COVID 19 national lock-down.
Other	13 400	14 000	600	4	
	10 932 079	**13 428 234**	**2 496 155**	**19**	

West Coast District Municipality
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2020

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
	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Yes/ No
EPWP Grant	-	257 000	463 000	307 000	-	479 875	348 942	352 508	307 959	17 586	Yes
FMG Grant	-	1 000 000	-	-	-	334 070	82 942	365 690	123 871	429 497	Yes
Mayor Fund	311 200	-	-	(265)	-	259 436	51 764	-	-	-	Yes
Rural Roads management	-	1 877 000	-	804 000	-	1 360 461	-	-	-	-	Yes
Capacity Building Fire Services	-	-	-	-	-	1 483 000	-	-	-	-	Yes
CDW Grant	-	-	-	74 000	-	-	-	-	-	43 149	Yes
Co-ordination and Modeling	-	-	-	164 000	-	-	-	-	-	164 000	Yes
Provincial finance management grant	-	-	-	200 000	-	-	-	-	200 000	-	Yes
Provincial : LG internship	-	-	-	514 000	-	767 860	-	-	-	190 597	Yes
Provincial mSCOA	-	-	280 000	-	-	245 105	-	-	19 149	260 851	Yes
Municipal Service Delivery Grant	-	-	-	533 099	-	-	-	-	46 862	486 138	Yes
Capacity Building : Health	-	-	-	-	-	(45 305)	-	-	-	-	Yes
Financial Management / Spatial Development	-	-	-	-	-	(79 560)	-	-	-	-	Yes
Western Cape Provincial Emergency Grant	450 000	-	-	-	-	450 000	-	-	-	-	Yes
WSOA	-	-	-	1 100 000	-	-	-	45 782	548 683	293 380	Yes
Disaster Relief Fund	-	-	-	89 000	-	-	-	-	-	89 000	Yes
COVID 19 Grant	-	-	-	100 000	-	-	-	-	-	100 000	Yes
Spatial Development Framework	-	-	-	-	-	-	-	122 000	-	-	Yes
	761 200	3 134 000	743 000	3 884 834	-	5 254 942	483 648	885 980	1 246 524	2 074 198	

Unaudited schedule: Appendix G

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

Description R thousand	2019/2020 Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2018/2019 Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
Governance and administration	113,369	4,322	117,691	–	–	117,691	137,476	–	19,785	116.81	121.26	–	–	–	127,603
Executive and council	1,100	900	2,000	–	–	2,000	988	–	(1,012)	49.39	-	–	–	–	–
Budget and treasury office	112,269	3,422	115,691	–	–	115,691	136,453	–	20,762	117.95	121.54	–	–	–	127,555
Corporate services	–	–	–	–	–	–	35	–	35			–	–	–	48
Community and public safety	29,210	(11)	29,199	–	–	29,199	32,403	–	3,204	110.97	110.93	–	–	–	24,211
Community and social services	–	169	169	–	–	169	129	–	(40)		-	–	–	–	(2)
Sport and recreation	4,071	(280)	3,791	–	–	3,791	3,923	–	133			–	–	–	4,240
Public safety	14,716	–	14,716	–	–	14,716	15,152	–	437	102.97	102.97	–	–	–	10,044
Housing	–	–	–	–	–	–	2,317	–	2,317	-		–	–	–	–
Health	10,424	100	10,524	–	–	10,524	10,882	–	359	103.41	104.40	–	–	–	9,929
Economic and environmental services	133,867	14,360	148,227	–	–	148,227	133,660	–	(14,566)	90.17	99.85	–	–	–	131,972
Planning and development	–	360	360		–	360	329	–	(31)	-		–	–	–	610
Road transport	133,867	14,000	147,867	–	–	147,867	133,331	–	(14,536)	90.17	99.60	–	–	–	131,361
Environmental protection	–	–	–	–	–	–	–	–	–	-	-	–	–	–	–
Trading services	100,185	10,000	110,185	–	–	110,185	77,911	–	(32,274)	70.71	77.77	–	–	–	76,618
Electricity	–	–	–	-	–	–	–	–	–	-	-	–	–	–	–
Water	100,185	10,000	110,185	–	–	110,185	77,911	–	(32,274)	70.71	77.77	–	–	–	76,168
Waste water management	–			–	–	–	–	–	–	-	-	–	–	–	–
Waste management	–	–	–	–	–	–	–	–	–	-		–	–	–	450
Other	–		–	–	–	–	–	–	–	-		–	–	–	(0)
Total Revenue - Standard	376,631	28,671	405,301	–	–	405,301	381,450	–	(23,851)	94.12	101.28	–	–	–	380,404
Expenditure - Standard															
Governance and administration	56,534	12,277	68,812	–	–	68,812	62,352	–	(6,460)	90.61	110.29	–	–	–	56,417
Executive and council	12,424	2,617	15,041	–	–	15,041	13,051	–	(1,990)	86.77	105.05		–	–	10,092
Budget and treasury office	42,180	9,668	51,847	–	–	51,847	42,164	–	(9,683)	81.32	99.96	–	–	–	39,528
Corporate services	1,931	(8)	1,923	–	–	1,923	7,137	–	5,214	371.06	-		–	–	6,797
Community and public safety	82,003	810	82,813	–	–	82,813	74,299	–	(8,514)	89.72	90.61	–	–	–	66,241
Community and social services	2,280	41	2,320	–	–	2,320	2,218	–	(102)	95.61	97.32	–	–	–	2,015
Sport and recreation	6,101	(7)	6,094	–	–	6,094	5,323	–	(771)	87.35	87.24	–	–	–	5,267
Public safety	47,191	783	47,975		–	47,975	40,916	–	(7,059)	85.29	86.70	–	–	–	37,093
Housing	–	–	–	–		–	851	–	851	-		–	–	–	–
Health	26,430	(6)	26,424	–	–	26,424	24,991	–	(1,433)	94.58	94.55	–	–	–	23,886
Economic and environmental services	143,613	13,711	157,324	–	–	157,324	142,081	–	(15,243)	90.31	98.93	–	–	–	140,098
Planning and development	9,746	(289)	9,457	–	–	9,457	8,696	–	(761)	91.95	89.23	–	–	–	8,737
Road transport	133,867	14,000	147,867	–	–	147,867	133,385	–	(14,482)	90.21	99.64	–	–	–	131,361
Environmental protection	–	–	–	–	–	–	–	–	–	-	-	–	–	–	–
Trading services	90,540	9,800	100,340	–	–	100,340	79,429	–	(20,912)	79.16	87.73	–	–	–	75,618
Electricity	–	–	–	–	–	–	–	–	–	-	-	–	–	–	–
Water	90,467	9,800	100,267	–	–	100,267	79,376	–	(20,891)	79.17	87.74	–	–	–	75,168
Waste water management	–	–	–	–	–	–	–	–	–	-		–	–	–	–
Waste management	73	–	73	–	–	73	52	–	(21)	-		–	–	–	450
Other	3,360	(69)	3,291	–	–	3,291	2,455	–	(826)			–		–	2,880
Total Expenditure - Standard	376,039	36,530	412,569	–	–	412,569	360,616	–	(51,954)	87.41	95.90	–	–	–	343,264
Surplus/(Deficit) for the year	591	(7,859)	(7,268)			(7,268)	20,834		26,102						17,139

Unaudited schedule: Appendix G

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

Vote Description R thousand	2019/2020 Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2018/2019 Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue by Vote															
Vote 1 - EXECUTIVE AND COUNCIL	1,100	1,218	2,318	–	–	2,318	1,825	–	(493)	78.73	165.90	–	–	–	1,382
Vote 2 - FINANCE	113,011	2,762	115,773	–	–	115,773	138,216	–	22,443	119.39	122.30	–	–	–	129,253
Vote 3 - ADMINISTRATION	25,147	269	25,416	–	–	25,416	26,198	–	782	103.08	104.18	–	–	–	20,019
Voe 4 - TECHNICAL	106,187	10,422	116,609	–	–	116,609	84,562	–	(32,047)	72.52	79.63	–	–	–	80,629
Vote 5 - AGENCIES	131,186	14,000	145,186	–	–	145,186	130,650	–	(14,536)	89.99	99.59	–	–	–	129,120
Vote 6 - [NAME OF VOTE 6]															
Vote 7 - [NAME OF VOTE 7]															
Vote 8 - [NAME OF VOTE 8]															
Vote 9 - [NAME OF VOTE 9]															
Vote 10 - [NAME OF VOTE 10]															
Vote 11 - [NAME OF VOTE 11]															
Vote 12 - [NAME OF VOTE 12]															
Vote 13 - [NAME OF VOTE 13]															
Vote 14 - [NAME OF VOTE 14]															
Vote 15 - [NAME OF VOTE 15]															
al Revenue by Vote	376,631	28,671	405,301	–	–	405,301	381,460	–	(23,851)	94.12	101.28	–	–	–	360,404
Expenditure by Vote to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL	29,913	2,475	32,387	–	–	32,387	30,771	–	(1,616)	95.01	102.87	–	–	–	28,249
Vote 2 - FINANCE	31,273	9,432	40,705	–	–	40,705	35,360	–	(5,345)	86.87	113.07	–	–	–	33,500
Vote 3 - ADMINISTRATION	83,808	734	84,542	–	–	84,542	75,262	–	(9,280)	89.02	89.80	–	–	–	69.771
Voe 4 - TECHNICAL	99,860	9,889	109,749	–	–	109,749	88,572	–	(21,177)	80.70	88.70	–	–	–	82,623
Vote 5 - AGENCIES	131,186	14,000	145,186	–	–	145,186	130,650	–	(14,536)	89.99	99.59	–	–	–	129,120
Vote 6 - [NAME OF VOTE 6]															
Vote 7 - [NAME OF VOTE 7]															
Vote 8 - [NAME OF VOTE 8]															
Vote 9 - [NAME OF VOTE 9]															
Vote 10 - [NAME OF VOTE 10]															
Vote 11 - [NAME OF VOTE 11]															
Vote 12 - [NAME OF VOTE 12]															
Vote 13 - [NAME OF VOTE 13]															
Vote 14 - [NAME OF VOTE 14]															
Vote 15 - [NAME OF VOTE 15]															
Total Expenditure by Vote	376,039	36,530	412,569	–	–	412,569	360,616	–	(51,954)	87.41	95.90	–	–	–	343,264
Surplus/(Deficit) for the year	591	(7,859)	(7,268)	–	–	(7,268)	20,834	–	28,102	0	0	–	–	–	17,139

Unaudited schedule: Appendix G

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

Description	2019/2020											2018/2019			
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Property rates	–	–	–	–	–	–	–	–	–			–	–	–	–
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–			–	–	–	
Service concession - electricity revenue	865	–	865	–	–	865	1,073	–	208	124.09	124.09	–	–	–	922
Service concession - water revenue	100,314	10,000	110,314	–	–	110,314	75,636	–	(34,678)	68.56	75.40	–	–	–	72,746
Service concession - sanitation revenue	92	–	92	–	–	92	99	–	6	108.16	108.16	–	–	–	160
Service concession - refuse revenue	65	–	65	–	–	65	73	–	8	112.35	112.35	–	–	–	–
Service concession - other		–		–	–	–	5,568	–				–	–	–	8,487
Rental of facilities and equipment	2,401	370	2,771	–	–	2,771	3,923	–	1,152	141.57	163.38	–	–	–	4,253
Interest earned - external investments	21,837	(1,011)	20,826	–	–	20,826	25,902	–	5,076	124.37	118.61	–	–	–	27,904
Interest earned - outstanding debtors	62	–	62	–	–	62	53	–	(10)	84.51	84.51	–	–	–	51
Actuarial gains recognised Employee Benefits	–	–	–	–	–	–	–	–	–			–	–	–	–
Fines	21	–	21	–	–	21	–	–	(21)			–	–	–	–
Licences and permits	224	100	324	–	–	324	303	–	(20)	93.76	135.69	–	–	–	446
Agency services	131,110	14,000	145,110	–	–	145,110	139,515	–	(5,595)	96.14	106.41	–	–	–	138,309
Transfers recognised - operational	99,174	945	100,119	–	–	100,119	100,484	–	365	100.36	101.32	–	–	–	94,128
Other revenue	20,465	2,970	23,435	–	–	23,435	28,820	–	5,385	122.98	140.82	–	–	–	12,300
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–		–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	376,631	27,374	404,004	–		404,004	381,450	–	(28,122)	94.42	101.28	–	–	–	357,686
Expenditure By Type															
Employee related costs	193,795	(370)	193,425	–	–	193,425	188,165	–	(5,260)	97.28	97.09	–	–	–	176,181
Remuneration of councillors	6,760	–	6,760	–	–	6,760	6,725	–	(35)	99.48	99.48	–	–		6,140
Debt impairment	900	(150)	750	–	–	750	605	–	(145)			–	–	–	227
Depreciation & asset impairment	9,272	1,815	11,087			11,087	9,401	–	(1,686)	84.80	101.40	–			9,755
Finance charges	173	3,218	3,391		–	3,391	2,203	–	(1,188)	64.96	1,271.17	–	–		3,663
Bulk purchases	13,489	–	13,489		–	13,489	8,759	–	(4,730)	64.93	64.93	–	–	–	8,351
Other materials	50,914	4,037	54,950	–	–	54,950	32,865	–	(22,084)	59.81	64.55	–	–	–	40,468
Contracted services	28,942	2,408	31,350	–	–	31,350	6,202	–	(25,148)	19.78		–	–	–	5,199
Transfers and grants	1,200	3,523	4,723	–	–	4,723	3,707	–	(1,016)	78.49	–	–	–	–	2,234
Other expenditure	70,595	22,049	92,644	–	–	92,644	101,983	–	9,339	110.08	144.46	–	–	–	92,076
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	376,039	36,530	412,569	–	–	412,569	360,616	–	(51,954)	87.41	95.90			–	343,264
Surplus/(Deficit)	591	(9,156)	(8,565)	–	–	(8,565)	20,834	–	23,831	(243.25)	3,524.21	–	–	–	14,421
Transfers recognised - capital	–	1,297	1,297		–	1,297	–	–	(1,297)			–	–	–	2,718
Contributions recognised - capital	–	–		–	–	–	–	–	–			–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–			–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	591	(7,859)	(7,268)	–	–	(7,268)	20,834	–	22,534	(288.68)	3,524.21	–	–	–	17,139
Taxation	–	–	–	–	–	–		–	–			–	–	–	–
Surplus/(Deficit) after taxation	591	(7,859)	(7,268)	–	–	(7,268)	20,834	–	22,534	(286.68)	3,524.21	–	–	–	17,139
Attributable to minorities	–	–	–	–	–	–		–	–			–	–	–	–
Surplus/(Deficit) attributable to municipality	591	(7,859)	(7,268)	–	–	(7,268)	20,834	–	22,534	(286.68)	3,524.21	–	–	–	17,139
Share of surplus/ (deficit) of associate	–	–	–	–	–	–		–	–			–	–	–	–
Surplus/(Deficit) for the year	591	(7,859)	(7,268)	–	–	(7,268)	20,834	–	22,534	(286.68)	3,524.21	–	–	–	17,139

Unaudited schedule: Appendix G

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

Vote Description	2019/2020											2018/2019			
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 1 - EXECUTIVE AND COUNCIL	13	-	833		-	833	483	-	(104)			-	-		-
Vote 2 - FINANCE	650	3,823	4,473		-	4,473	4,369		(104)			-	-	-	677
Vote 3 - ADMINISTRATION	3,562	498	4,060	-	-	4,088	3,735		(353)	91.27	103.89	-	-	-	2,472
Vote 4 - TECHNICAL	2,879	(276)	2,593		-	2,593	2,181	-	(417)	84.14	75.09	-		-	52
Vote 5 - AGENCIES				-	-	-	-	-				-	-		-
Vote 6 - (NAME OF VOTE 6)					-	-		-				-		-	-
Vote 7 - (NAME OF VOTE 7)						-	-	-				-		-	-
Vote 8 - (NAME OF VOTE 8)						-	-	-				-		-	-
Vote 9 - (NAME OF VOTE 9)						-	-	-				-		-	-
Vote 10 - (NAME OF VOTE 10)						-	-	-				-		-	-
Vote 11 - (NAME OF VOTE 11)						-	-	-				-		-	-
Vote 12 - (NAME OF VOTE 12)						-	-	-	-	-		-	-	-	-
Vote 13 - (NAME OF VOTE 13)						-	-	-	-			-	-	-	-
Vote 14 - (NAME OF VOTE 14)						-	-	-	-			-	-	-	-
Vote 15 - (NAME OF VOTE 15)	-	-	-		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7,115	4,641	11,756	-	-	11,785	10,693		(1,092)	0	0	-			3,402
Single-year expenditure															
Vote 1 - EXECUTIVE AND COUNCIL	42	559	601	-	-	601	238		(362)	39.73	570.00	-			14
Vote 2 - FINANCE	80	70	150	-	-	150	-		(150)			-			2,719
Vote 3 - ADMINISTRATION	630	(176)	454	-	-	454	-		(454)			-			1,795
Vote 4 - TECHNICAL	1,550	(1,112)	438			438	-		(438)			-	-	-	1,526
Vote 5 - AGENCIES	-		-				-		-			-	-	-	-
Vote 6 - (NAME OF VOTE 6)	-		-				-	-	-			-	-	-	-
Vote 7 - (NAME OF VOTE 7)			-			-	-	-	-			-	-	-	-
Vote 8 - (NAME OF VOTE 8)	-		-		-		-	-	-			-	-	-	-
Vote 9 - (NAME OF VOTE 9)		-	-		-		-		-			-	-	-	-
Vote 10 - (NAME OF VOTE 10)			-	-	-	-	-		-			-	-	-	-
Vote 11 - (NAME OF VOTE 11)			-		-	-	-	-	-			-	-	-	-
Vote 12 - (NAME OF VOTE 12)			-		-	-	-	-	-			-	-	-	-
Vote 13 - (NAME OF VOTE 13)	-		-		-	-	-	-	-			-	-	-	-
Vote 14 - (NAME OF VOTE 14)	-		-		-	-	-	-	-	-		-	-	-	-
Vote 15 - (NAME OF VOTE 15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2,302	(663)	1,649	-	-	1,649	239	-	(1,404)	14.53	10.37				6,049
Total Capital Expenditure - Vote	9,427	3,997	13,428	-	-	13,428	10,932	-	(2,496)	81.41	115.97	-	-	-	9,421
Capital Expenditure - Standard															
Governance and administration	903	8,342	8,245		-	8,245	5,281	-	(1,716)	64.34	582.29	-	-	-	4,096
Executive and council	-	1,175	1,175		-	1,175	455		(720)		53,309.43	-	-	-	14
Budget and treasury office	903	4,157	5,069		-	5,069	4,078	-	(991)			-	-	-	4,082
Corporate services	1	(0)	1		-	1	727	-	-			-		-	-
Community and public safety	4,139	193	4,333		-	4,333	3,238	-	(1,095)	74.33	78.22	-		-	3,747
Community and social services	654	(44)	610		-	610	431	-	(180)	70.57	65.82	-		-	34
Sport and recreation	580	12	592		-	592	230		(362)			-		-	229
Public safety	2,872	(298)	2,574		-	2,574	2,238		(336)	86.95	77.91	-			3,154
Housing	-	-	-	-		-			-			-			
Health	33	523	556	-		556	339		(217)	60.97	1,027.97	-			330
Economic and environmental services	-	239	239	-	-	239	239		-			-			557
Planning and development	-	239	239	-	-	239	239		-			-	-	-	557
Road transport	-	-	-		-	-	-		-				-	-	-
Environmental protection	-	-	-			-	-		-			-			-
Trading services	4,270	(1,772)	2,598		-	2,598	2,181	-	(417)	83.95		9,421	-		1,021
Electricity	-	-	-			-	-	-	-			-	-		-
Water	2,870	(272)	2,598			2,598	2,181		(417)			9,421	-		-
Waste water management	-	-	-			-	-		-			-	-		-
Waste management	1,500	(1,500)	-		-	-	-		-			-	-		1,021
Other	14	-	14	-	-	14	13	-	(1)			-			-
Total Capital Expenditure - Standard	9,427	4,001	13,428			13,429	10,932	-	(3,123)	81.41	115.97	9,421		-	9,106
Funded by:															
National Government		-	-	-		-	-		-						-
Provincial Government	-	1,297	1,297	-		1,297	-		(1,297)						477
District Municipality			-			-			-						-
Other transfers and grants		-	-			-	-		-						-
Transfers recognised - capital		1,297	1,297	-	-	1,297	-	-	(1,297)	-					477
Public contributions & donations			-	-		-	-								-
Borrowing						-	-		-	-					-
Internally generated funds	9,427	2,704	12,131			12,131	10,932		(1,199)	90.12	115.97				8,943
Total Capital Funding	9,427	4,001	13,428	-	-	13,428	10,932	-	(2,496)	81.41	115.97				9,421

Unaudited schedule: Appendix G
Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2019/2020 Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2018/2019 Restated Audited Outcome
	1	2	3	6	7	9	10	11	12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Service concession revenue	101,336	–	101,336	101,336	82,450	(18,886)	81.36	81.36	79,325
Government - operating	96,493	3,626	100,119	100,119	100,484	365	100.36	104.14	94,128
Government - capital	2,681	(1,384)	1,297	1,297	–	(1,297)	–	–	2,718
Other revenue	154,221	27,440	181,661	181,661	173,181	(8,480)	95.33	112.29	139,017
Interest	21,899	(1,073)	20,826	20,826	25,902	5,076	–	–	27,904
Dividends	–	–	–	–	–	–	–	–	–
Payments	–	–			–				
Suppliers and employees	(359,643)	(27,576)	(387,218)	(387,218)	(325,609)	61,610	84.09	90.54	(278,091)
Finance charges	(173)	(3,218)	(3,391)	(3,391)	(2,203)	1,188	64.96	1,271.17	(3,653)
Transfers and Grants	(1,200)	(3,523)	(4,723)	(4,723)	(3,707)	1,016	–	–	(2,234)
NET CASH FROM/(USED) OPERATING ACTIVITIES	15,615	(5,708)	9,906	9,906	30,497	40,591	509.75	323.39	59,164
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–	201
Decrease (Increase) in non-current debtors	14,271	–	14,271	14,271	–	(14,271)	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–
Payments			–						
Capital assets	(9,427)	(4,001)	(13,428)	(13,428)	(10,902)	2,526	81.19	115.65	(9,421)
NET CASH FROM/(USED) INVESTING ACTIVITIES	4,845	(4,001)	843	843	(10,902)	(11,746)	(1,292.99)	(225.04)	(9,220)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	–	–	–	–		–	–	–	–
Borrowing long term/refinancing	–	–	–	–		–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–
Payments									
Repayment of borrowing	(14,271)	–	(14,271)	(14,271)	(14,486)	(215)	–		(13,080)
Finance lease payments	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(14,271)	–	(14,271)	(14,271)	(14,486)	(215)	–	–	(13,080)
NET INCREASE/ (DECREASE) IN CASH HELD	6,188	(9,710)	(3,522)	(3,522)	25,109	28,630	–	–	36,805
Cash/cash equivalents at the year begin:	256,106	50,507	306,613	252,467	306,613	54,146	–	–	269,808
Cash/cash equivalents at the year end:	262,294	40,797	303,091	248,945	331,721	82,776	–	–	306,613