

**PROVINSIALE TESOURIE • PROVINCIAL TREASURY •  
UNONDYEBO WEPHONDO**



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**TREASURY CIRCULAR MUN 63 -2009**

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THE MAYOR, WEST COAST DISTRICT: MRS H KITSHOFF  
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THE MAYOR, CEDERBERG MUNICIPALITY: MS J MOUTON  
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THE MAYOR, SALDANHA BAY MUNICIPALITY: MR J SKEI  
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN  
THE MAYOR, CAPE WINELANDS DISTRICT: MR B CHAABAN  
THE MAYOR, WITZENBERG MUNICIPALITY: MR K CLASSEN  
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS C MANUEL  
THE MAYOR, STELLENBOSCH MUNICIPALITY: ALDERMAN PM SWARTZ  
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MR C NTSOMI  
THE MAYOR, BREEDE RIVER/WINELANDS MUNICIPALITY: MR SJ NGONYAMA  
THE MAYOR, OVERBERG DISTRICT: MS M GILLION  
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MR C PUNT  
THE MAYOR, OVERSTRAND MUNICIPALITY: MR T BEYLEVELDT  
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR R MITCHELL  
THE MAYOR, SWELLENDAM MUNICIPALITY: MR J JANSEN  
THE MAYOR, EDEN DISTRICT: MR J HARMSE (Acting)  
THE MAYOR, KANNALAND MUNICIPALITY: MR N VALENTYN  
THE MAYOR, HESSEQUA MUNICIPALITY: MR CP TAUTE  
THE MAYOR, MOSSEL BAY MUNICIPALITY: ALDERMAN M FERREIRA  
THE MAYOR, GEORGE MUNICIPALITY: MR BH DE SWART  
THE MAYOR, OUDTSHOORN MUNICIPALITY: MS D DE JAGER  
THE MAYOR, BITOU MUNICIPALITY: MR LL MVIMBI  
THE MAYOR, KNYSNA MUNICIPALITY: MS E BOUW-SPIES  
THE MAYOR, CENTRAL KAROO DISTRICT: MR T PRINCE  
THE MAYOR, LAINGSBURG MUNICIPALITY: MS R MEYER  
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MS M BENJAMIN  
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MS J JONAS

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM  
THE MUNICIPAL MANAGER, WEST COAST DISTRICT: MR WP RABBETS  
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR DG O'NEILL  
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATHYSE  
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: MS C LE ROUX  
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR J FORTUIN (Acting)  
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ  
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT: MR M MGAJO  
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON  
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR S KABANYANE  
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR I KENNEDE  
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR A PAULSE  
THE MUNICIPAL MANAGER, BREEDE RIVER/WINELANDS: MR SA MOKWENI  
THE MUNICIPAL MANAGER, OVERBERG DISTRICT: MR GW HERMANUS (Acting)  
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HD WALLACE  
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: ADV W ZYBRANDT  
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR R STEPHENS  
THE MUNICIPAL MANAGER, SWELLENDAM MUNICIPALITY: MR WF HENDRICKS  
THE MUNICIPAL MANAGER, EDEN DISTRICT: MR G LOUW  
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR KR DE LANGE  
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS  
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: DR C DU PLESSIS (Acting)  
THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR CM AFRICA  
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THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR L NGOQO  
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR J DOUGLAS  
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THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR D ROSSOUW  
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR M RICHARDSON  
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 THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA VAN NIEKERK  
 THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR J LUUS  
 THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER  
 THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT: MR JG MARAIS  
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 THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR H KLEINLOOG  
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 THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR HF BOTHA  
 THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR LH FOURIE  
 THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR A BREDENHANN (Acting)  
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 THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR G EASTON  
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 THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J VAN DER WESTHUIZEN  
 THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR D LOUW  
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 THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)  
 THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE) (ACTING)  
 THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)  
 THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)  
 THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)  
 THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)  
 THE CHIEF AUDIT EXECUTIVE (MS H ROBSON)  
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUIS)  
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 THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR H DU TOIT) (ACTING)  
 THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS N OLIPHANT)  
 THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)  
 THE SENIOR MANAGER: INTERNAL AUDIT: GOVERNANCE AND ADMINISTRATION CLUSTER (MS B CAIRNCROSS)  
 THE SENIOR MANAGER: INTERNAL AUDIT: SOCIAL CLUSTER (MR M MALULEKA)  
 THE SENIOR MANAGER: INTERNAL AUDIT: ECONOMIC CLUSTER (MR J RADEBE)  
 THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON)  
 THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)  
 THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)  
 THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR G PAULSE)  
 THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)  
 THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS A PICK) (PRO TEM)  
 THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)  
 THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)  
 THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)  
 THE HEAD: OFFICE OF THE MINISTRY (MS A SMIT)  
 THE PROVINCIAL AUDITOR  
 MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT  
 THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

## **ACCOUNTING STANDARDS BOARD (ASB): FINANCIAL INSTRUMENTS (GRAP 104)**

### **1. Purpose**

- 1.1 To inform Municipalities that Accounting Standards Board (ASB) has approved and issued a standard of GRAP on Financial Instruments (GRAP 104) in October 2009 and this can be accessed via the following link <http://www.asb.co.za>

## 2. Background

- 2.1 The Accounting Standards Board (ASB) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred as Standards of Generally Recognised Accounting Practice (GRAP). In developing those standards, the Board frequently consults with users of those standards as to their appropriateness for transactions undertaken in the South African public sector.
- 2.2 The ASB recently approved a standard of GRAP on Financial Instruments (GRAP 104). This Standard should be read in the context of its objective, its basis for conclusions if applicable, the Preface to Standards of GRAP, the Preface to the Interpretations of the Standards of GRAP and the Framework for the Preparation and Presentation of Financial Statements.

## 3. Objective

- 3.1 The objective of this standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.
- 3.2 A municipality that prepares and presents their Financial Statements under the accrual basis of accounting shall apply this standard in accounting for Financial Instruments except:
- (a) The recognition and measurement of financial instruments issued by the entity that meets the definition of a residual interest;
  - (b) Employer's rights and obligations under employee benefit plans, to which the standard of GRAP on employee benefit applies; and
  - (c) Rights to payments to reimburse the entity for the expenditure, it is required to make to settle a liability that it recognises as a provision in accordance with standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (GRAP 19) or which in an earlier period ,it recognised a provision in accordance with that Standard.

3.3 This standard does not apply to the following instruments, except where indicated otherwise:

- (a) Interest in controlled entities, associates or joint ventures that are held by the entity and accounted for in accordance with the Standards of GRAP on Consolidated and Separate Financial Statements, Investments in Associates or in Joint Ventures.
- (b) Any forward contracts between an acquirer and a seller to buy or sell an acquiree that will result in an entity combination at a future acquisition date.
- (c) Rights and obligations under leases to which the Standard of GRAP on Leases applies. However:
  - (i) Lease receivables recognised by a lessor are subject to the impairment, derecognition, presentation and disclosure provisions of this Standard.
  - (ii) Finance lease payables recognized by a lessee are subject to derecognition, presentation and disclosure provisions of this Standard.
  - (iii) Derivatives that are embedded in leases are subject to the embedded derivatives provisions of this Standard.
- (d) Insurance contracts as defined in the International Financial Reporting Standard on Insurance Contracts. This standard shall, however, apply to:
  - (i) Derivatives that are embedded in insurance contracts if this standard requires the entity to account for them separately; and
  - (ii) The presentation and disclosure of financial instruments that are within the scope of the International Financial Reporting Standard on Insurance Contracts since they contain a discretionary participation feature.
- (e) Financial guarantee contracts that are issued by an entity and recognised measured and/or disclosed in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.

(f) Loan commitments that are issued by an entity and recognised measured and/or disclosed in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.

(g) Contractual rights and obligations arising from non-exchange revenue transactions to which the Standard of GRAP on Revenue and Non-exchange Transactions (Taxes and Transfers) applies.

3.4 An entity shall apply this Standard of GRAP for annual financial statements covering periods beginning on or after date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1) (b) of PFMA, Act no. 1 of 1999, as amended. (This Standard of GRAP should be read in conjunction with any directives issued by the Board prescribing transitional provisions, as well as any regulations issued by the Minister of Finance regarding the effective dates of the Standards of GRAP, published in the Government Gazette.

#### 4. Enquiries

Any further enquiries in this regard may be directed to:

- **Ms Micheline Fortuin:** [Mifortui@pgwc.gov.za](mailto:Mifortui@pgwc.gov.za) - West Coast, Overberg & Central Karoo Districts.
- **Mr Thobelani Madondile:** [Tmadondi@pgwc.gov.za](mailto:Tmadondi@pgwc.gov.za) - Cape Winelands & Eden Districts and Metro.

  
T. ARENDSE

PROVINCIAL ACCOUNTANT - GENERAL

DATE: 09/11/2009