# ANNUAL FINANCIAL STATEMENTS
# FOR THE YEAR ENDED
# 30 JUNE 2023

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SOUTH AFRICA
12 March 2024
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## General Information

| | |
|---|---|
| **Executive Mayor** | H.F. du Rand |
| **Speaker** | J. van Schalkwyk |
| **Mayoral Committee** | A. Bokwana |
| | E. Lampbrecht |
| | F. Kees |
| **Part Time** | D. Julius |
| | D.J. Julius |
| | G. Lebazi |
| | I.H. Ferguson |
| | J.A. Matthysen |
| | M.T. Swart |

**AUDITORS**
Auditor-General of South Africa
No. 19 Park Lane Building, Park Lane, Century City, Cape Town
Western Cape

**BANKERS**
ABSA Bank
67 Voortrekker Street
Swellendam, 6740

**REGISTERED OFFICE**
49 Voortrekker Street
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6740

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**MUNICIPAL MANAGER**
Ms A Vorster

**CHIEF FINANCIAL OFFICER**
Miss E Wassermann

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

## General Information (Continued)

**LEGAL FORM**

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:
- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

The municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

**JURISDICTION**

**Greater Swellendam area which includes:**

Barrydale, Buffeljagsrivier, Infanta, Malgas,
Ouplaas/Wydgelee, Rheenendal, Rietkuil
Stormsvlei, Suurbraak and Swellendam



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### Approval of Annual Financial Statements

| Ward | Representative | |
|---|---|---|
| 1 | Lamprecht | E.J |
| 2 | Ferguson | I.H |
| 3 | Julius | D.J |
| 4 | Du Rand | H.F |
| 5 | Lebazi | G |
| 6 | Matthysen | J.A |
| Proportional | Bokwana | A |
| Proportional | Julius | D |
| Proportional | Kees | F |
| Proportional | Swart | M.T |
| Proportional | Van Schalkwyk | J |

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in accordance with Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.

29 February 2024

**Ms A Vorster** **Date**

Municipal Manager



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# SWELLENDAM MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

| | | Actual | |
|---|---|---|---|
| | | 2023 | 2022 |
| | | R | R |
| **ASSETS** | | | |
| **Current Assets** | | **163 921 730** | **157 318 199** |
| Inventories | **1.** | 5 457 231 | 5 752 410 |
| Receivables from Exchange Transactions | **2.** | 15 824 219 | 16 148 307 |
| Statutory Receivables from VAT Transactions | **3.** | 5 452 232 | 5 812 724 |
| Receivables from Non-exchange Transactions | **4.** | 439 587 | 312 355 |
| Statutory Receivables from Non-Exchange Transactions | **5.** | 14 964 887 | 15 919 981 |
| Cash and Cash Equivalents | **6.** | 121 773 220 | 113 324 362 |
| Lease Receivables | **11.** | 10 353 | 48 060 |
| **Non-Current Assets** | | **522 236 452** | **474 403 397** |
| Property, Plant and Equipment | **7.** | 509 491 965 | 461 390 307 |
| Intangible Assets | **8.** | 566 906 | 661 987 |
| Investment Property | **9.** | 10 933 028 | 11 602 350 |
| Heritage Assets | **10.** | 170 979 | 170 979 |
| Lease Receivables | **11.** | 238 415 | 149 671 |
| Long-term Receivables | **12.** | 835 159 | 428 104 |
| **Total Assets** | | **686 158 182** | **631 721 596** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | **80 269 951** | **93 262 638** |
| Consumer Deposits | **13.** | 4 282 993 | 3 850 589 |
| Payables from Exchange Transactions | **14.** | 37 006 693 | 58 516 910 |
| Unspent Conditional Grants and Receipts | **15.** | 20 394 684 | 14 319 344 |
| Lease Payables | **16.** | 377 953 | 9 046 |
| Borrowings | **17.** | 4 230 703 | 3 023 249 |
| Employee Benefit Liabilities | **18.** | 13 976 924 | 13 543 500 |
| **Non-Current Liabilities** | | **119 446 497** | **104 376 764** |
| Lease Payables | **16.** | 616 524 | - |
| Borrowings | **17.** | 23 987 800 | 18 965 578 |
| Employee Benefit Liabilities | **18.** | 35 055 000 | 35 626 000 |
| Provisions | **19.** | 59 787 173 | 49 785 187 |
| **Total Liabilities** | | **199 716 448** | **197 639 402** |
| **Total Assets and Liabilities** | | **486 441 734** | **434 082 194** |
| **NET ASSETS** | | **486 441 734** | **434 082 194** |
| Reserves | **20.** | 25 072 000 | 12 000 000 |
| Accumulated Surplus / (Deficit) | **21.** | 461 369 734 | 422 082 194 |
| **Total Net Assets** | | **486 441 734** | **434 082 194** |



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# SWELLENDAM MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

| | | Actual | |
|---|---|---|---|
| | | 2023 | 2022 |
| | | R | R |
| **REVENUE** | | | |
| **Revenue from Non-exchange Transactions** | | **200 994 863** | **240 863 720** |
| Property Rates | **22.** | 50 115 614 | 45 860 086 |
| Fines, Penalties and Forfeits | **23.** | 42 513 801 | 45 279 071 |
| Transfers and Subsidies | **25.** | 103 772 024 | 146 252 792 |
| Surcharges and Taxes | **26.** | 954 688 | - |
| Service Charges | **27.** | 3 313 585 | 3 267 241 |
| Interest, Dividends and Rent on Land Earned | **31.** | 325 152 | 204 529 |
| **Revenue from Exchange Transactions** | | **174 000 518** | **166 317 773** |
| Licences and Permits | **24.** | 1 299 891 | 1 285 830 |
| Service Charges | **27.** | 152 118 292 | 150 463 598 |
| Sales of Goods and Rendering of Services | **28.** | 2 900 106 | 3 266 572 |
| Income from Agency Services | **29.** | 2 728 397 | 2 605 765 |
| Rental from Fixed Assets | **30.** | 916 377 | 804 341 |
| Interest, Dividends and Rent on Land Earned | **31.** | 9 537 994 | 6 378 414 |
| Operational Revenue | **32.** | 4 165 565 | 1 122 353 |
| Gains on Disposal of Capital Assets | **45.** | 333 897 | 390 900 |
| **Total Revenue** | | **374 995 382** | **407 181 493** |
| **EXPENDITURE** | | **327 716 258** | **325 226 589** |
| Employee Related Costs | **33.** | 108 483 920 | 108 418 840 |
| Remuneration of Councillors | **34.** | 5 607 289 | 5 616 109 |
| Depreciation and Amortisation | **35.** | 14 620 379 | 14 349 657 |
| Impairment Losses | **36.** | 36 958 476 | 32 871 222 |
| Interest, Dividends and Rent on Land | **37.** | 9 112 644 | 5 671 809 |
| Bulk Purchases | **38.** | 79 694 101 | 82 612 883 |
| Contracted Services | **39.** | 29 357 750 | 30 371 469 |
| Inventory Consumed | **40.** | 16 403 320 | 16 712 050 |
| Transfers and Subsidies Paid | **41.** | 530 350 | 445 669 |
| Operating Leases | **42.** | 335 586 | 1 540 557 |
| Operational Costs | **43.** | 25 560 914 | 25 162 530 |
| Losses on Disposal of Capital Assets | **45.** | 1 051 528 | 1 453 795 |
| **Total Expenditure** | | **327 716 258** | **325 226 589** |
| **OPERATING SURPLUS / (DEFICIT) FOR THE YEAR** | | **47 279 124** | **81 954 904** |
| **OTHER REVENUE / EXPENDITURE INCURRED** | | | |
| Gains on Other Operations | **44.** | 5 080 416 | 2 851 920 |
| Losses on Other Operations | **44.** | - | - |
| **TOTAL OTHER REVENUE / EXPENDITURE INCURRED** | | **5 080 416** | **2 851 920** |
| **SURPLUS / (DEFICIT) FOR THE YEAR** | | **52 359 540** | **84 806 824** |

**Refer to Budget Statement for explanation of budget variances**



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# SWELLENDAM MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

| | Total Funds & Reserves | Accumulated Surplus/ (Deficit) | Total Net Assets |
|---|---|---|---|
| | R | R | R |
| **2022** | | | |
| Balance at 30 June 2021 | 14 000 000 | 327 123 421 | 341 123 421 |
| Correction of Error (Note 50) | - | 8 151 949 | 8 151 949 |
| **Restated Balance** | **14 000 000** | **335 275 370** | **349 275 370** |
| Surplus / (Deficit) as per prior 2021/22 AFS | - | 84 139 749 | 84 139 749 |
| Correction of Error (Note 50) | | 667 075 | 667 075 |
| **Restated Surplus / (Deficit) for the year** | **-** | **84 806 824** | **84 806 824** |
| Transfers to/from Accumulated Surplus | 11 215 467 | 2 000 000 | 13 215 467 |
| Purchases | (13 215 467) | - | (13 215 467) |
| **Balance at 30 June 2022** | **12 000 000** | **422 082 194** | **434 082 194** |
| **2023** | | | |
| Appropriations from Accumulated Surplus | - | - | - |
| **Restated Balance** | **12 000 000** | **422 082 194** | **434 082 194** |
| Surplus / (Deficit) for the year | - | 52 359 540 | 52 359 540 |
| Transfers to/from Accumulated Surplus | 17 380 740 | (13 072 000) | 4 308 740 |
| Purchases | (4 308 740) | - | (4 308 740) |
| **Balance at 30 June 2023** | **25 072 000** | **461 369 734** | **486 441 734** |

Details on the movement of the Funds and Reserves are set out in Note 21.



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## SWELLENDAM MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

| | Note | Actual 2023 R | 2022 R |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Property Rates | | 49 265 971 | 45 230 919 |
| Fines, Penalties and Forfeits | | 8 556 649 | 10 109 432 |
| Transfers and Subsidies | | 109 847 363 | 128 735 419 |
| Service Charges | | 160 579 575 | 147 267 535 |
| External Interest and Dividends Received | | 7 182 748 | 4 435 562 |
| Other Receipts | | 12 971 459 | 10 066 014 |
| **Payments** | | | |
| Employee Related Costs | | (104 137 587) | (105 236 799) |
| Remuneration of Councillors | | (5 607 289) | (5 616 109) |
| External Interest and Dividends Paid | | (2 543 870) | (2 715 536) |
| Suppliers Paid | | (173 455 329) | (129 751 346) |
| VAT Paid | | (300 415) | (1 277 753) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | **48.** | **62 359 275** | **101 247 338** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of Property, Plant and Equipment | **7.** | (59 894 634) | (95 049 784) |
| Purchase of Intangible Assets | **8.** | (72 617) | (90 264) |
| Proceeds / (Losses) on Disposal of Property, Plant and Equipment | **7.** | 571 864 | 452 375 |
| Decrease / (Increase) in Long-term Receivables | | (407 055) | (260 489) |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | | **(59 802 441)** | **(94 948 162)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Decrease in Finance Leases (Leases Redeemed) | **18.** | (169 543) | - |
| Increase in Borowings (Loans Taken-on) | **17.** | 9 700 000 | - |
| Decrease in Borrowings (Loans Redeemed) | **17.** | (3 638 433) | (2 788 667) |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | | **5 892 024** | **(2 788 667)** |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **8 448 858** | **3 510 509** |
| Cash and Cash Equivalents at Beginning of Financial Year | **6.** | 113 324 362 | 109 813 853 |
| Cash and Cash Equivalents at End of Financial Year | **6.** | 121 773 220 | 113 324 362 |



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## SWELLENDAM MUNICIPALITY
## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

**30 June 2023**

| Description | Original Budget | Adjustment Budget | Final Budget | Actual Outcome | Variance | Variance as % of Final Budget |
|---|---|---|---|---|---|---|
| | R | R | R | R | R | R |
| **FINANCIAL POSITION** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and Cash Equivalents | 56 237 970 | 105 660 927 | 105 660 927 | 121 773 220 | 16 112 293 | 15.25% |
| Consumer Debtors | 16 143 852 | 6 171 928 | 6 171 928 | 21 276 451 | 15 104 523 | 244.73% |
| Other Debtors | 8 635 000 | 19 468 651 | 19 468 651 | 15 404 474 | (4 064 177) | -20.88% |
| Current Portion of Long-term Receivables | 42 735 | 42 735 | 42 735 | 10 353 | (32 382) | -75.77% |
| Inventory | 5 599 977 | 6 030 515 | 6 030 515 | 5 457 231 | (573 284) | -9.51% |
| **Non-Current Assets** | | | | | | |
| Long-term Receivables | 263 277 | 577 775 | 577 775 | 1 073 574 | 495 799 | 85.81% |
| Investments | - | - | - | - | - | 0.00% |
| Investment Property | 11 441 376 | 11 422 524 | 11 422 524 | 10 933 028 | (489 496) | -4.29% |
| Property, Plant and Equipment | 509 140 595 | 541 220 946 | 541 220 946 | 509 491 965 | (31 728 981) | -5.86% |
| Intangible | 539 117 | 478 147 | 478 147 | 566 906 | 88 759 | 18.56% |
| Other Non-current Assets | 170 979 | 170 979 | 170 979 | 170 979 | - | 0.00% |
| **Total Assets** | 608 214 878 | 691 245 127 | 691 245 127 | 686 158 182 | (5 086 945) | -0.74% |
| **Current Liabilities** | | | | | | |
| Borrowing | 2 787 124 | 3 023 249 | 3 023 249 | 4 608 657 | 1 585 408 | 52.44% |
| Consumer Deposits | 3 647 554 | 4 080 942 | 4 080 942 | 4 282 993 | 202 051 | 4.95% |
| Trade and Other Payables | 29 167 570 | 67 689 712 | 67 689 712 | 57 401 377 | (10 288 335) | -15.20% |
| Provisions | 21 504 316 | 17 022 507 | 17 022 507 | 13 976 924 | (3 045 583) | -17.89% |
| **Non-Current Liabilities** | | | | | | |
| Borrowing | 27 446 647 | 28 371 917 | 28 371 917 | 24 604 324 | (3 767 593) | -13.28% |
| Provisions | 91 278 769 | 89 506 252 | 89 506 252 | 94 842 173 | 5 335 921 | 5.96% |
| **Total Liabilities** | 175 831 980 | 209 694 579 | 209 694 579 | 199 716 448 | (9 978 131) | 150.53% |
| **Total Assets and Liabilities** | **432 382 898** | **481 550 548** | **481 550 548** | **486 441 734** | **4 891 186** | **95.54%** |
| **Net Assets (Equity)** | | | | | | |
| Accumulated Surplus / (Deficit) | 426 382 898 | 478 050 548 | 478 050 548 | 461 369 734 | (16 680 814) | -3.49% |
| Reserves | 6 000 000 | 3 500 000 | 3 500 000 | 25 072 000 | 21 572 000 | 616.34% |
| **Total Net Assets** | **432 382 898** | **481 550 548** | **481 550 548** | **486 441 734** | **4 891 186** | **95.54%** |



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***Financial Position: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Cash and Cash Equivalents:

The Cash and Cash Equivalents are influenced by the Capital Projects rollover to the 2022/23 financial year and the unspent Conditional Grants. Actual expenditures realized are also less than budgeted.

Consumer Debtors:

Underestimation on debtors projection with adjustment budget.VAT on consumer debtors was not split in the past and allocated to other debtors on NT forms, whilst the actuals are now split under Consumer debtors and Other Debtors.

Other Debtors:

VAT on consumer debtors was not split in the past and allocated to other debtors on NT forms, whilst the actuals are now split under Consumer debtors and Other Debtors.

Long Term Receivables (Current and Non-Current)

The straight-lining of lease receivables short term portion less than anticipated with budget. This item is a yearend transaction and difficult to budget.

Property, Plant and Equipment:

Capital projects were not completed during the financial year and rolled over to the 2023/2024 financial year.

Intangible:

Intangible Assets variance is due to the reclassification between the mSCOA mapping and budget returns.

Trade and Other Payables:

Less accruals on financial year end and payment of previous year-end creditors.

Borrowings (Current and Non-Current)

The external loan facility planned with the budget was not fully taken up during the financial year. The short-term portion budgeted for was over estimated.

Provisions (Current and Non-Current)

This item includes Employee Benefits Liabilities for which the budgeted amount for Post-retirement Health Care Benefits Liability was more than the final actuarial calculation and the split between short-term and long-term deviate from the budget provision.

Accumulated Surplus / (Deficit):

The planned budget figures was more than the net results on assets and liabilities. A larger contribution could be made to the Reserves.

Reserves:

The contribution to capital replacement reserve could be increased due to the financial year end results which was more than anticipated in the budget.



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## SWELLENDAM MUNICIPALITY
## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

**30 June 2023**

| Description | Original Budget | Adjustment Budget | Final Budget | Actual Outcome | Variance | Variance as % of Final Budget |
|---|---|---|---|---|---|---|
| | R | R | R | R | R | R |
| **FINANCIAL PERFORMANCE** | | | | | | |
| Property Rates | 50 336 379 | 49 303 661 | 49 303 661 | 50 115 614 | 811 953 | 1.65% |
| Service Charges | 170 316 722 | 159 905 430 | 159 905 430 | 155 431 877 | (4 473 553) | -2.80% |
| Rental of Facilities and Equipment | 745 656 | 825 956 | 825 956 | 916 377 | 90 421 | 10.95% |
| Interest Earned - External Investments | 4 960 300 | 6 460 300 | 6 460 300 | 7 681 386 | 1 221 086 | 18.90% |
| Interest Earned - Outstanding Debtors | 3 502 200 | 2 121 770 | 2 121 770 | 2 180 113 | 58 343 | 2.75% |
| Dividends Received | - | - | - | 1 647 | 1 647 | 0.00% |
| Fines, Penalties and Forfeits | 51 108 965 | 46 741 965 | 46 741 965 | 42 513 801 | (4 228 164) | -9.05% |
| Licences and Permits | 1 387 595 | 1 484 595 | 1 484 595 | 1 299 891 | (184 704) | -12.44% |
| Agency Services | 2 865 575 | 2 825 575 | 2 825 575 | 2 728 397 | (97 178) | -3.44% |
| Transfers and Subsidies | 57 755 598 | 66 817 945 | 66 817 945 | 55 888 537 | (10 929 408) | -16.36% |
| Surcharges and Taxes | - | - | - | 954 688 | 954 688 | 0.00% |
| Other Revenue | 3 697 366 | 4 176 086 | 4 176 086 | 7 065 671 | 2 889 585 | 69.19% |
| Gains | 12 456 932 | 16 561 393 | 16 561 393 | 5 414 313 | (11 147 080) | -67.31% |
| **Total Revenue** | 359 133 288 | 357 224 676 | 357 224 676 | 332 192 311 | (25 032 365) | -7.01% |
| **Expenditure** | | | | | | |
| Employee Related Costs | 132 080 190 | 125 250 156 | 125 250 156 | 108 483 920 | (16 766 236) | -13.39% |
| Remuneration of Councillors | 5 832 943 | 6 188 083 | 6 188 083 | 5 607 289 | (580 794) | -9.39% |
| Debt Impairment | 43 937 510 | 41 866 294 | 41 866 294 | 35 421 609 | (6 444 685) | -15.39% |
| Depreciation and Asset Impairment | 14 931 665 | 15 261 999 | 15 261 999 | 16 157 246 | 895 247 | 5.87% |
| Finance Charges | 6 525 225 | 6 538 534 | 6 538 534 | 9 112 644 | 2 574 110 | 39.37% |
| Bulk Purchases | 91 211 341 | 84 631 314 | 84 631 314 | 79 694 101 | (4 937 213) | -5.83% |
| Inventory Consumed | 15 593 701 | 19 148 904 | 19 148 904 | 16 403 320 | (2 745 584) | -14.34% |
| Contracted Services | 40 280 699 | 43 277 931 | 43 277 931 | 29 357 750 | (13 920 181) | -32.16% |
| Transfers and Subsidies | 1 294 250 | 1 165 000 | 1 165 000 | 530 350 | (634 650) | -54.48% |
| Other Expenditure | 28 771 711 | 30 277 578 | 30 277 578 | 25 896 500 | (4 381 078) | -14.47% |
| Losses | 521 315 | 137 604 | 137 604 | 1 051 528 | 913 924 | 664.17% |
| **Total Expenditure** | 380 980 550 | 373 743 397 | 373 743 397 | 327 716 258 | (46 027 139) | -12.32% |
| Surplus / (Deficit) | (21 847 262) | (16 518 721) | (16 518 721) | 4 476 053 | 20 994 774 | -127.10% |
| Transfers and Subsidies - Capital | 45 765 652 | 72 806 099 | 72 806 099 | 47 883 487 | (24 922 612) | -34.23% |
| **Surplus/(Deficit) for the Year** | **23 918 390** | **56 287 378** | **56 287 378** | **52 359 540** | **(3 927 838)** | **-6.98%** |



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***Financial Performance: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Service Charges:

Electricity revenue less than planned due to continuous load-shedding.

Rental of Facilities and Equipment:

This relates to the rental of municipal buildings, community halls, and other municipal facilities. The revenue recognized is higher than anticipated in the budget due to price increases.

Interest Earned - External Investments:

This interest relates to interest earned on banks and investments. The increase in prime and the municipality's favorable cash position resulted in more revenue received from interest earned than budgeted.

Fines, Penalties and Forfeits:

Fines mostly relate to traffic fines and arise from unanticipated traffic infringements. In the current year, the amount of traffic infringements were less than expected and budgeted for.

Licences and Permits:

Licenses and Permits mostly relate to driver, learner licenses, road worthy, etc. Lessor licence were issued because of loadshedding.

Transfers and Subsidies

Transfers and Subsidies recognized are less than the budgeted amount, mostly due to the unspent grants not recognized and Human Settlement Grant not received.

Surcharges and Taxes

NT Budget Template is not aligned with GRAP and does not provide for infrastructure levy.

Other Revenue:

Other revenue relates to sales of goods and services, rent on land, and operational revenue. The variance in other revenue was due to the sale of land recognized and gains which realized for the year. NT Budget Template deviates from GRAP on gains recognition.

Gains:

Water inventory gains less than anticipated in budget.

Employee Related Costs:

The municipality is in the process of restructuring the organizational structure. Positions were kept vacant to complete the process first. The employee cost of water purification was also capitilized to the inventory account.

Debt Impairment:

The actual provisions for impairment is less than anticipated with the budget. This is based on the impairment calculation.

Depreciation and Asset Impairment:

The variance is due to depreciation being under-budgeted for and the final calculation of the reviewed FAR was higher than the expected budget.

Finance Charges:

The variance is due to the actuarial valuations on non-current provisions.

Bulk Purchases:

The saving was due to the less electricity units sold as a result of continuous load-shedding and the implementation of alternative energy by residents and businesses.

Inventory Consumend:

The inventory expenses for the water purification has been capitilized, resulting that actual cost is less than budget.

Other Materials:

The variance is due to the construction of houses which did not realize and cost containment measures implemented.

Contracted Services:

The variance is due to the construction of houses which did not realize and cost containment measures implemented.

Transfers and Subsidies:

The transfers and subsidies relate to Tourism events. Lessor events realized than planned.

Other Expenditure:

Other expenditure relates to operating leases and operational expenditure. The higher expenditure relates to wet fuel and provision for membership fees for SALGA etc.

Losses:

Disposal of PPE more than budgeted for due to the write off of assets.

Transfers and Subsidies: Capital

Funds were gazette in the second half of the financial year which could not be spent by financial year end.



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**30 June 2023**

| Description | Original Budget | Adjustment Budget | Final Budget | Actual Outcome | Variance | Variance as % of Final Budget |
|---|---|---|---|---|---|---|
| | R | R | R | R | R | R |
| **CAPITAL EXPENDITURE PER FUNCTION** | | | | | | |
| Finance and Administration | 1 907 000 | 2 325 000 | 2 325 000 | 2 276 980 | (48 020) | -2.07% |
| Community and Social Services | 120 000 | 727 975 | 727 975 | 648 769 | (79 206) | -10.88% |
| Sport and Recreation | 2 545 931 | 1 750 500 | 1 750 500 | 1 713 987 | (36 513) | -2.09% |
| Public Safety | 450 000 | 504 987 | 504 987 | 428 833 | (76 154) | -15.08% |
| Housing | - | 50 000 | 50 000 | | (50 000) | -100.00% |
| Planning and Development | 3 000 | 1 920 849 | 1 920 849 | 1 546 510 | (374 339) | -19.49% |
| Road Transport | 27 503 055 | 31 804 111 | 31 804 111 | 25 485 379 | (6 318 732) | -19.87% |
| Energy Sources | - | 4 787 609 | 4 787 609 | 242 359 | (4 545 250) | -94.94% |
| Water Management | 14 607 426 | 30 879 683 | 30 879 683 | 18 449 213 | (12 430 470) | -40.25% |
| Waste Water Management | 11 237 000 | 14 917 243 | 14 917 243 | 9 051 874 | (5 865 369) | -39.32% |
| Waste Management | 1 520 000 | 6 185 891 | 6 185 891 | 4 940 093 | (1 245 798) | -20.14% |
| **Total Capital Expenditure** | **59 893 412** | **95 853 848** | **95 853 848** | **64 783 997** | **(31 069 851)** | **-32.41%** |

***Capital Expendirure per Function: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Public Safety

Grant Funds received from Overberg District not spent due to project scope which was late in the financial year finalized.

Planning and Development:

Savings realized on capital items budgeted for the Smitsville Container Park.

Road Transport:

Funds received for projects under the disaster fund could not be finalized due to late approval by the Department of Public Works to allow the Overberg District Municipality to proceed with the project.

Energy Sources:

Funds for the electrification of the housing project in Railton were gazetted in March 2023. Consultant appointment but implementation only to commence in July 2023.

Water Management:

Additional funds were received for water works in Barrydale in April 2023. The site had to be reestablished and as a result, all funds could not be spent by financial year end.

Waste Water Management:

Procurement process for Kliprivier safety railings could not be finalized, resulting in a late start to the project.

Waste Management:

Projects not finalised - Budget rolled over to 2023/24 for completion in the next financial year.



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## SWELLENDAM MUNICIPALITY
## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

**30 June 2023**

| Description | Original Budget | Adjustment Budget | Final Budget | Actual Outcome | Variance | Variance as % of Final Budget |
|---|---|---|---|---|---|---|
| | R | R | R | R | R | R |
| **CASH FLOW** | | | | | | |
| **Cash Flow from Operating Activities** | | | | | | |
| **Receipts** | | | | | | |
| Property Rates | 49 329 651 | 48 317 588 | 48 317 588 | 49 265 971 | 948 383 | 1.96% |
| Fines, Penalties and Forfeits | - | - | - | 8 556 649 | 8 556 649 | 0.00% |
| Service Charges | 166 910 388 | 159 481 841 | 159 481 841 | 160 579 575 | 1 097 734 | 0.69% |
| Other Revenue | 20 355 157 | 31 954 177 | 31 954 177 | 12 971 459 | (18 982 718) | -59.41% |
| Government - Operating | 57 755 598 | 64 428 906 | 64 428 906 | 50 111 318 | (14 317 588) | -22.22% |
| Government - Capital | 45 765 652 | 62 160 787 | 62 160 787 | 59 736 045 | (2 424 742) | -3.90% |
| Interest | 8 462 500 | 8 582 070 | 8 582 070 | 7 181 101 | (1 400 969) | -16.32% |
| Dividends | - | - | - | 1 647 | 1 647 | 0.00% |
| **Payments** | | | | | | |
| Suppliers and Employees | (298 202 277) | (295 900 317) | (295 900 317) | (282 970 271) | 12 930 046 | -4.37% |
| Finance Charges | (3 480 225) | (3 493 534) | (3 493 534) | (2 543 870) | 949 664 | -27.18% |
| Transfers and Grants | (1 294 250) | (1 165 000) | (1 165 000) | (530 350) | 634 650 | -54.48% |
| **Net Cash from/(used) Operating Activities** | **45 602 194** | **74 366 518** | **74 366 518** | **62 359 275** | **(12 007 243)** | **-16.15%** |
| **Cash Flows from Investing Activities** | | | | | | |
| **Receipts** | | | | | | |
| Proceeds on Disposal of Property, Plant and Equipment | 1 126 158 | 4 189 108 | 4 189 108 | 571 864 | (3 617 244) | -86.35% |
| Decrease / (Increase) in Non-current Receivables | - | - | - | (407 055) | (407 055) | 0.00% |
| Decrease / (Increase) in Non-current Investments | 5 112 900 | - | - | - | - | 0.00% |
| **Payments** | | | | | | |
| Capital Assets | (59 893 412) | (95 853 849) | (95 853 849) | (59 967 251) | 35 886 598 | -37.44% |
| **Net Cash from/(used) Investing Activities** | **(53 654 354)** | **(91 664 741)** | **(91 664 741)** | **(59 802 441)** | **31 862 300** | **-34.76%** |
| **Cash Flows from Financing Activities** | | | | | | |
| **Receipts** | | | | | | |
| Borrowing Long-term/Refinancing | 9 200 000 | 10 008 400 | 10 008 400 | 9 700 000 | (308 400) | -3.08% |
| Increase/(Decrease) in Consumer Deposits | 230 353 | 230 353 | 230 353 | (0) | (230 353) | -100.00% |
| **Payments** | | | | | | |
| Repayment of Borrowing | (3 752 079) | (603 966) | (603 966) | (3 807 976) | (3 204 010) | 530.50% |
| **Net Cash from/(used) Financing Activities** | **5 678 274** | **9 634 787** | **9 634 787** | **5 892 024** | **(3 742 763)** | **-38.85%** |
| **Net Increase/(Decrease) In Cash Held** | **(2 373 886)** | **(7 663 436)** | **(7 663 436)** | **8 448 858** | **16 112 294** | **-210.25%** |
| Cash/Cash Equivalents at the Year Begin: | 58 611 856 | 113 324 362 | 113 324 362 | 113 324 362 | 0 | 0.00% |
| Cash/Cash Equivalents at the Year End: | 56 237 970 | 105 660 926 | 105 660 926 | 121 773 220 | 16 112 294 | 15.25% |



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***Cash Flow Statement: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Fines, penalities and Forfits

Fines penalities and forfits was not seprately included in the approved budget schedules, and was included in Other Revenue. With mSCOA chart is this componement seprately disclosed.

Service Charges:

Less cash was received than anticipated in the budget. Budget cash flow segmentation not in line with actuals.

Other Revenue:

Less cash was received than anticipated in the budget. Budget cash flow segmentation not in line with actuals.

Government - Operating:

Projects which was rolled-over and could not be spent by financial year end.

Government - Capital:

Projects which was rolled-over and could not be spent by financial year end.

Interest:

This interest relates to interest earned on bank and investments and interest charged on outstanding debtors. Less interest received than anticipated in the budget.

Suppliers and Employees:

Suppliers and Employees paid include Remuneration and Other Payments and are lower due to vacancies and savings in the budget.

Finance Charges:

The variance is due to less interest relized on borrowing than budgeted for.

Transfers and Grants:

Less ad hoc grants were paid than provided for in the budget.

Proceeds on Disposal of Property, Plant and Equipment:

Disposals did not realised than planned and mSCOA segmentations.

Decrease / (Increase) in Non-current Receivables:

No budget provision was made for non-current receivables due to mSCOA mapping.

Capital Assets:

The underspending of projects relates to various Capital Programmes, with the budget rollover to 2023/24 for implementation of the projects.

Consumer Deposits

Misalignment between budget returns and GRAP.

Borrowing Long-term/Refinancing:

Repayment of borrowings incorrcetly budgeted for.

Net Increase/(Decrease) In Cash Held:

Cash realized more than budgeted for due to unspent grants, increased revenue, and less expenditures.



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## 1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Annual Financial Statements have been prepared in accordance with the historical cost convention, except where indicated otherwise.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

### 1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

### 1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

#### 1.2.1 Revenue Recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

- Estimation of Meter Readings:

  Provisional estimates of consumption, based on the consumption history, are made monthly 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. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.



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- Estimation of unused Prepaid Metered Services:

  Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average pre-paid electricity sold per day during the year under review is used, and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

- Revenue for Traffic Fines:

  There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

**1.2.2 Water Inventory**

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

**1.2.3 Impairment of Financial Assets**

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:

  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

- Impairment of Traffic Fines:

  Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

**1.2.4 Impairment of Statutory Receivables**

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.



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### 1.2.5 Capitalisation of Capital Assets

Judgement by management is required to distinguish between expenses incurred to maintain and repair capital assets and expenses incurred that will increase the remaining useful life of capital assets and needs to be capitalised to capital assets.

### 1.2.6 Recognition and Derecognition of Land

The municipality assesses whether it controls or does not control land by considering the principles contained in IGRAP 18.

The municipality is assessed to control land of which it is not the legal owner or the custodian and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosures are made in the relevant Notes to the Financial Statements. In order to assess that the municipality controls the land, the following factors are considered in applying its judgement:

- The municipality acts as the custodian of the land in terms of a binding arrangement with the legal owner of the land and has the right to direct access to the land, and to restrict or deny the access of others to the land.
- The municipality is required / granted a right to use the land in terms of a binding arrangement with the legal owner of the land and has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives.

The municipality is assessed to not control land of which it is the legal owner or the custodian and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosure are made in the relevant Notes to the Financial Statements. In order to assess that the municipality does not control the land, the following factors are considered in applying its judgement:

- Another entity acts as the custodian of the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land.
- Another entity is required / granted a right to use the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives for (name the service).

### 1.2.7 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 7.3, 8.2 and 9.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

### 1.2.8 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Investment Property, and Inventories

Accounting Policy 11 on Impairment of Assets and Accounting Policy 3.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets, impairment testing of Investment Property and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.



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In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE, Intangible Assets and Investment Property and the Net Realisable Value for Inventories involves significant judgment by management.

**1.2.9 Service Concession Arrangements**

The municipality assesses whether it is a party to any service concession arrangements by considering the principles contained in GRAP 32 and IFRIC 12.

Management has assessed all arrangements in place and concluded that there are no service concession arrangements to which it was a party during this accounting period.

**1.2.10 Defined Benefit and Contribution Plan Liabilities**

As described in Accounting Policy 17.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

**1.2.11 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

**1.2.12 Principals and Agent Arrangements**

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109.

The municipality is assessed to be the principal and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP. In order to assess that the municipality is the principal, the following factors were considered in applying its judgement:

- The municipality acts as a principal for the service provider, Syntell, who acts as an agent for the municipality with the sale of prepaid electricity.
- The municipality acts as a principal for the service provider, Oases, who acts as an agent for the municipality with the sale of prepaid electricity.
- The municipality acts as a principal for the service provider, TMT, who acts as an agent for the municipality with regards to the supply, delivery and administrative support of traffic fines collections and camera equipment with related operational support. within the Swellendam Municipal Area.

The municipality is assessed to be the agent and only accounts for the amounts which the agent are entitled to in terms of the principal-agent arrangement. In order to assess that the municipality is the agent, the following factors were considered in applying its judgement:

- The municipality acts as an agent for Western Cape Government: Department of Transport and Public Works for issuing licenses and permits and collects monies on their behalf.



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### 1.2.13 Housing Arrangements

The municipality is not accredited to deliver housing under the national housing programme. However it assesses its roles and responsibilities it undertakes for each project undertaken in terms of the national housing programme by assessing the terms and conditions agreed with the relevant Provincial Department of Human Settlements.

Management has assessed all arrangements in place and concluded that there are no housing arrangements to which it was a project manager or developer during this accounting period.

### 1.2.14 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists and/or the amount exceeds R3.7 million. All material differences are explained in the relevant Notes to the Annual Financial Statements.

### 1.2.15 Segment Reporting

The municipality is assessed to have reportable segments as per the requirements of GRAP 18. In order to assess that the segments could be aggregated, the following factors were considered in applying its judgement:

- For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide.
- No individually material operating segments have been aggregated to form the above reportable operating segments.
- The municipality does not monitor segments geographically.

### 1.2.16 The effect of COVID-19

Management needs to estimate the effect of COVID-19 on its future cash flow and discount rates to ensure that the municipality will remain a going concern.

Judgement needs to be made on the effect of COVID-19 on credit risk, liquidity risk and going concern.

### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the 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 determined as 1% of total operating expenditure. This materiality is from the management’s perspective and does not correlate with the auditor’s materiality.

### 1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

The recent COVID-19 pandemic and its effect on the municipality's current and expected performance has been considered by management in the Going Concern Assumption.



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### 1.5 Standards, Amendments to Standards and Interpretations published but not yet Effective

The following GRAP Standards and Interpretations have been published but are not yet effective and have not been early adopted by the municipality. Additionally, these standards and interpretations are not always relevant to the municipality's operations and are indicated as such below:

| Standard of GRAP / Nature of Impending Changes / Expected Impact | | Effective Date | Planned Date for Application by Municipality |
|---|---|---|---|
| • **GRAP 1** | **Presentation of Financial Statements (Revised)**<br>Unlikely that there will be a material impact | 01/04/2023 | 30/06/2024 |
| • **GRAP 25** | **Employee Benefits (Revised)**<br>Unlikely that there will be a material impact | 01/04/2024 | 30/06/2025 |
| • **GRAP 104** | **Financial Instruments (Revised)**<br>Unlikely that there will be a material impact | 01/04/2025 | 30/06/2026 |
| • **General GRAP** | **Improvement to the Standards of GRAP (2021)**<br>Unlikely that there will be a material impact | 01/04/2023 | 30/06/2024 |
| • **IGRAP 7** | **The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**<br>Unlikely that there will be a material impact | Not yet determined | Not yet determined |
| • **IGRAP 21** | **The Effect of Past Decisions on Materiality**<br>Unlikely that there will be a material impact | 01/04/2023 | 30/06/2024 |
| • **Guideline** | **Accounting for Landfill Sites**<br>Unlikely that there will be a material impact | Not yet determined | Not yet determined |
| • **Guideline** | **The Application of Materiality to Financial Statements**<br>Unlikely that there will be a material impact, and the guideline will not have mandatory status | Not yet determined | Not yet determined |

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies:

- Guideline Accounting for Landfill Sites

### 1.7 Current year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.



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## 2. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2022 to 30 June 2023.

## 3. INVENTORIES

### 3.1 Recognition and Initial Measurement

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

### 3.2 Subsequent Measurement

#### 3.2.1 Consumable Stores

Subsequently, Inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the Weighted Average Method.

#### 3.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the FIFO Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.



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### 3.2.3 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

## 4. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

**Initial Recognition**

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

| Type of Financial Asset | Classification in terms of GRAP 104 |
|---|---|
| Investments – Financial Instruments | Financial Assets at Amortised Cost |
| Long-term Receivables | Financial Assets at Amortised Cost |
| Receivables from Exchange Transactions | Financial Assets at Amortised Cost |
| Receivables from Non-exchange Transactions | Financial Assets at Amortised Cost |
| Bank, Cash and Cash Equivalents | Financial Assets at Amortised Cost |

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables, and are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.



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### 4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

| Type of Financial Liability | Classification in terms of GRAP 104 |
|---|---|
| Borrowings | Financial Liabilities at Amortised Cost |
| Payables from Exchange Transactions | Financial Liabilities at Amortised Cost |
| Payables from Non-exchange Transactions | Financial Liabilities at Amortised Cost |

### 4.3 Initial and Subsequent Measurement

#### 4.3.1 Financial Assets:

**Financial Assets measured at Amortised Cost**

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

#### 4.3.2 Financial Liabilities:

**Financial Liabilities held at Amortised Cost**

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

### 4.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

#### 4.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.



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The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

### 4.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

### 4.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the 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, in Surplus or Deficit.

## 5. STATUTORY RECEIVABLES

Statutory Receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

The municipality has the following Statutory Receivables from Exchange Transactions:

- VAT Receivable

The municipality has the following Statutory Receivables from Non-exchange Transactions:

- Assessment Rates
- Fines

### 5.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and 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 municipality and the transaction amount can be reliably measured.



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The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.
- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines are serviced in terms of the stipulations contained in the Criminal Procedures Act, 1977 (Act No. 51 of 1977) at rates published in the Government Gazette from time to time.

**5.2 Subsequent Measurement**

Statutory Receivables are measured 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.

**5.3 Impairment**

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor. The impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- Assessment Rates
- Fines

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

**5.4 Derecognition**

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.



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The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers 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 party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of and statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

## 6. CONSTRUCTION CONTRACTS

Construction Contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group) of items must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably.

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis.

The municipality assessed all of the contracts in place and found that all of the contracts pertained to Housing Arrangements as those described in ASB's Accounting for Arrangements Undertaken in terms of the National Housing Programme. All of these contracts for the municipality are fixed price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost plus or cost based contract the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.



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## 7. PROPERTY, PLANT AND EQUIPMENT

### 7.1 Initial Recognition and Measurement

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

### 7.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

### 7.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

| Asset Class | Years | Asset Class | Years |
|---|---|---|---|
| **Buildings** | | **Community** | |
| Improvements | 5 - 100 | Community Facilities | 5 - 100 |
| | | Recreational Facilities | 5 - 100 |
| **Infrastructure** | | | |
| Electricity | 15 - 80 | **Other** | |
| Roads and Paving | 7 - 80 | Computer Equipment | 3 - 35 |
| Sanitation | 10 - 100 | Furniture and Office Equipment | 2 - 40 |
| Solid Waste | 15 - 57 | Information Infrastructure | 3 - 30 |
| Storm Water | 20 - 100 | Transport Assets | 5 - 45 |

### 7.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

### 7.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

### 7.6 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.



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### 7.7 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives over a period of 3-8 years or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

### 7.8 Derecognition

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.

## 8. INTANGIBLE ASSETS

### 8.1 Initial Recognition and Measurement

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

### 8.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

| | Asset Class | Years |
|---|---|---|
| | Computer Software Purchased | 4 - 16 |

### 8.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised.



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## 9. INVESTMENT PROPERTY

### 9.1 Initial Recognition and Measurement

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

### 9.2 Subsequent Measurement

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 10 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

### 9.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised.

## 10. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

### 10.1 Initial Recognition and Measurement

Heritage Assets are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

### 10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

### 10.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised.



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## 11. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

### 11.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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 recoverable amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

### 11.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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



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If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

## 12. CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

## 13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants and receipts are subject to specific conditions and can be received from both government and public. If these specific conditions are not met, the monies received are repayable.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met is transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the liability. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables.

## 14. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.



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Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money discounted to their present value using a pre-tax discount rate. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

### 14.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

## 15. LEASES

### 15.1 The Municipality as Lessee

#### 15.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

#### 15.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.



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### 15.2 The Municipality as Lessor

Amounts due from lessees under Finance Leases or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

## 16. BORROWING COSTS

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

## 17. EMPLOYEE BENEFIT LIABILITIES

### 17.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

#### 17.1.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### 17.1.2 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### 17.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipalities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

### 17.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.



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### 17.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### 17.2.2 Defined Benefit Plans

**Post-retirement Health Care Benefits**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

**Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

## 18. NET ASSETS

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

### 18.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

### 18.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.



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The following provisions are set for the creation and utilisation of the CRR:

- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.

## 19. REVENUE RECOGNITION

### 19.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

### 19.2 Revenue from Non-exchange Transactions

#### 19.2.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a Time-proportionate Basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

#### 19.2.2 Fines

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

#### 19.2.3 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

#### 19.2.4 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.



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**19.2.5 Other Donations and Contributions**

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

**19.2.6 Interest Earned**

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

**19.2.7 Tariff Charges**

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

**19.2.8 Unclaimed Deposits**

All unclaimed deposits are initially recognised as a liability until 12 months expires when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June.

Although unclaimed deposits are recognised as revenue after 12 months, the municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

**19.2.9 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

**19.3 Revenue from Exchange Transactions**

**19.3.1 Service Charges**

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption, together with a basic charge. 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 monthly 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. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.



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Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**19.3.2 Prepaid Electricity**

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

**19.3.3 Rentals Received**

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

**19.3.4 Income from Agency Services**

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

**19.3.5 Interest Earned**

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1%, and recognised in surplus or deficit on the time-proportionate basis.

**19.3.6 Dividends**

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

**19.3.7 Tariff Charges**

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

**19.3.8 Sale of Goods (including Houses)**

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

(a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.



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## 20. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

(a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
(b) Expect to be repaid in future; or
(c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

## 21. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

## 22. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit 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 Surplus or Deficit.

## 23. IRREGULAR EXPENDITURE

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), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

## 24. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit 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 Surplus or Deficit.



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## 25. COMMITMENTS

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the College commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

## 26. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Executive Mayor, Speaker, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

## 27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

## 28. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

## 29. SEGMENT REPORTING

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Municipal Governance and Administration.
- Community and Public Safety.
- Economic and Environmental.
- Trading Services.
- Other.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.



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The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdction.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as descriped in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

## 30. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).



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## 1. INVENTORIES

| | 2023 R | 2022 R |
|---|---|---|
| Consumables | 5 367 388 | 4 855 566 |
| Land | 29 591 | 823 044 |
| Water | 60 252 | 73 800 |
| **Total Inventories** | **5 457 231** | **5 752 410** |

### 1.1 Allocation for Cash Flow

| | | |
|---|---|---|
| **Suppliers Paid:-** | | |
| Inventory - Opening Balance | 5 752 410 | 5 126 172 |
| Inventory - Closing Balance | (5 457 231) | (5 752 410) |
| Adjustment for Non-cash Transactions:- | - | (27 835) |
| Realisable Value Adjustment | - | (27 835) |
| Total Inventory allocated to Suppliers Paid | 295 179 | (654 073) |
| **Total Inventory allocated to Cash Flow** | **295 179** | **(654 073)** |

**Consumables** are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

**Land Inventory** relates to properties for sale.

**Water** is held for distribution and measured at the lower of Cost and Net Realisable Value. No write down of Inventory to Net Realisable Value was required.

The cost of Inventories recognised as an expense includes R16 403 320 (2022: R16 712 050), made up as follows:

| | 2023 R | 2022 R |
|---|---|---|
| Consumables | 1 707 284 | 1 004 875 |
| Land | 793 453 | |
| Materials and Supplies | 6 138 057 | 8 083 821 |
| Water | 7 764 527 | 7 623 354 |
| **Total Inventories Expensed** | **16 403 320** | **16 712 050** |

Obsolete and/or Lost Inventories to the amount of R0 (2022: R0) were written off and recognised in Profit and Loss during the period.

Inventories of R0 (2022: R0) are expected to be utilised only after more than twelve months.

Inventories of R0 (2022: R0) are held as spare parts for infrastructure assets and have been transferred to Property, Plant and Equipment.

Inventories of R0 (2022: R0) have been pledged as collateral for Liabilities as per Note 19.



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## 2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | Gross Balances | Provision for Impairment | Net Balances |
|---|---|---|---|
| | R | R | R |
| **As at 30 June 2023** | | | |
| Service Debtors: | 30 830 233 | 16 023 087 | 14 807 146 |
| Electricity | 10 151 041 | 1 286 250 | 8 864 791 |
| Refuse | 4 913 872 | 3 654 128 | 1 259 744 |
| Sewerage | 6 363 602 | 4 715 073 | 1 648 529 |
| Merchandising, Jobbing and Contracts | 89 607 | - | 89 607 |
| Other Service Charges | 2 175 588 | 1 986 341 | 189 247 |
| Water | 7 136 523 | 4 381 295 | 2 755 228 |
| Other Receivables | 119 316 | - | 119 316 |
| Property Rental Debtors | 118 182 | - | 118 182 |
| Housing Selling Scheme | 1 134 | - | 1 134 |
| Other Debtors | - | - | - |
| Prepayments and Advances: | 163 129 | - | 163 129 |
| Un-used Prepaid Electricity | 163 129 | - | 163 129 |
| Control, Clearing and Interface Accounts | 734 628 | - | 734 628 |
| **Total Receivables from Exchange Transactions** | **31 847 306** | **16 023 087** | **15 824 219** |

| **As at 30 June 2022** | Gross Balances | Provision for Impairment | Net Balances |
|---|---|---|---|
| | R | R | R |
| Service Debtors: | 37 376 693 | 21 522 557 | 15 854 136 |
| Electricity | 15 275 422 | 6 614 019 | 8 661 403 |
| Refuse | 4 969 507 | 3 567 169 | 1 402 339 |
| Sewerage | 6 561 886 | 4 667 682 | 1 894 204 |
| Merchandising, Jobbing and Contracts | 17 007 | - | 17 007 |
| Other Service Charges | 2 202 136 | 1 765 268 | 436 868 |
| Water | 8 350 734 | 4 908 419 | 3 442 315 |
| Other Receivables | 146 398 | - | 146 398 |
| Property Rental Debtors | 145 331 | - | 145 331 |
| Housing Selling Scheme | 1 067 | - | 1 067 |
| Other Debtors | 36 121 | - | 36 121 |
| Water and Sanitation Service Authority | - | - | - |
| Market Agency | 14 | - | 14 |
| Abeyance | 36 107 | - | 36 107 |
| Prepayments and Advances: | 111 652 | - | 111 652 |
| Un-used Prepaid Electricity | 111 652 | - | 111 652 |
| **Total Receivables from Exchange Transactions** | **37 670 864** | **21 522 557** | **16 148 307** |

### 2.1 Allocation for Cash Flow

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| **Service Charges:-** | | |
| Service Debtors - Opening Balance | 15 854 136 | 12 404 178 |
| Service Debtors - Closing Balance | (14 807 146) | (15 854 136) |
| Service Debtors: Provision for Impairment - Opening Balance | 21 522 557 | 17 618 427 |
| Service Debtors: Provision for Impairment - Closing Balance | (16 023 087) | (21 522 557) |
| Other Receivables - Opening Balance | 182 519 | 143 961 |
| Other Receivables - Closing Balance | (119 316) | (182 519) |
| | 6 609 663 | (7 392 646) |
| Adjustment for Non-cash Transactions: | (3 740 612) | (863 920) |
| Bad Debt Written-off | (3 740 612) | (863 920) |
| Total Receivables from Exchange Transactions allocated to Service Charges | **2 869 050** | **(8 256 566)** |



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| External Interest and Dividends Received:- | 2023 R | 2022 R |
|---|---|---|
| Accrued Interest - Opening Balance | - | 139 822 |
| Accrued Interest - Closing Balance | (500 285) | - |
| Total Receivables from Exchange Transactions allocated to External Interest and Dividends Received | **(500 285)** | **139 822** |
| **Other Receipts:-** | | |
| Receivables from Exchange Transactions: Gross - Opening Balance | 37 670 864 | 33 290 467 |
| Receivables from Exchange Transactions: Gross - Closing Balance | (31 847 306) | (37 670 864) |
| Less Cash Flow for:- | | |
| Service Charges | (6 609 663) | 7 392 646 |
| External Interest and Dividends Received | 500 285 | (139 822) |
| Suppliers Paid | 51 477 | (39 446) |
| Profit on Sale of Land | - | 5 400 |
| Total Receivables from Exchange Transactions allocated to Other Receipts | **(234 343)** | **2 838 381** |
| **Suppliers Paid:-** | | |
| Prepayments and Advances - Opening Balance | 111 652 | 151 098 |
| Prepayments and Advances - Closing Balance | (163 129) | (111 652) |
| Total Receivables from Exchange Transactions allocated to Suppliers Paid | **(51 477)** | **39 446** |
| **Profit on Sale of Land:-** | | |
| Land Sale Debtors - Opening Balance | - | (5 400) |
| Land Sale Debtors - Closing Balance | - | - |
| Total Receivables from Exchange Transactions allocated to Profit on Sale of Land (Other Receipts) | **-** | **(5 400)** |
| **Total Receivables from Exchange Transactions allocated to Cash Flow** | **2 082 945** | **(5 244 317)** |

Included in Service Debtors is an amount of R 4 415 115 (2022: R 3 666 071 in respect of the consumption of metered services not billed as at 30 June.

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly at the beginning of the month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate of 10%, determined by council, on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2023, the municipality is owed R683 162 (30 June 2022: R757 570) by National and Provincial Government.

**2.2 Ageing of Receivables from Exchange Transactions**

| As at 30 June 2023 | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **Electricity:** | | | | | |
| Gross Balances | 9 383 900 | 26 549 | 14 238 | 726 354 | 10 151 041 |
| Less: Provision for Impairment | 592 643 | 8 891 | 7 524 | 677 192 | 1 286 250 |
| **Net Balances** | **8 791 256** | **17 658** | **6 714** | **49 163** | **8 864 791** |



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| | | | | | |
|---|---|---|---|---|---|
| **Refuse:** | | | | | |
| Gross Balances | 1 603 446 | 147 408 | 123 296 | 3 039 721 | 4 913 872 |
| Less: Provision for Impairment | 509 831 | 101 982 | 95 588 | 2 946 728 | 3 654 128 |
| **Net Balances** | **1 093 615** | **45 426** | **27 709** | **92 994** | **1 259 744** |
| **Sewerage:** | | | | | |
| Gross Balances | 2 109 368 | 180 378 | 151 144 | 3 922 713 | 6 363 602 |
| Less: Provision for Impairment | 712 674 | 122 325 | 115 183 | 3 764 892 | 4 715 073 |
| **Net Balances** | **1 396 695** | **58 053** | **35 961** | **157 821** | **1 648 529** |
| **Merchandising, Jobbing and Contracts:** | | | | | |
| Gross Balances | 89 607 | - | - | - | 89 607 |
| Less: Provision for Impairment | - | - | - | - | - |
| **Net Balances** | **89 607** | **-** | **-** | **-** | **89 607** |
| **Other Service Charges:** | | | | | |
| Gross Balances | 778 755 | 31 802 | 62 617 | 1 302 416 | 2 175 588 |
| Less: Provision for Impairment | 615 802 | 21 860 | 57 748 | 1 290 932 | 1 986 341 |
| **Net Balances** | **162 952** | **9 942** | **4 869** | **11 484** | **189 247** |
| **Water:** | | | | | |
| Gross Balances | 2 962 533 | 208 483 | 203 542 | 3 761 966 | 7 136 523 |
| Less: Provision for Impairment | 489 128 | 130 899 | 159 381 | 3 601 887 | 4 381 295 |
| **Net Balances** | **2 473 405** | **77 584** | **44 161** | **160 079** | **2 755 228** |
| **Other Receivables:** | | | | | |
| Gross Balances | 119 316 | | | | 119 316 |
| Less: Provision for Impairment | | | | | |
| **Net Balances** | **119 316** | **-** | **-** | **-** | **119 316** |
| **Prepayments and Advances:** | | | | | |
| Gross Balances | 163 129 | - | - | - | 163 129 |
| Less: Provision for Impairment | - | - | - | - | - |
| **Net Balances** | **163 129** | **-** | **-** | **-** | **163 129** |
| **Control, Clearing and Interface Accounts:** | | | | | |
| Gross Balances | 734 628 | - | - | - | 734 628 |
| Less: Provision for Impairment | - | - | - | - | - |
| **Net Balances** | **734 628** | **-** | **-** | **-** | **734 628** |

As at 30 June Receivables of R799 616 were past due but not impaired. The age analysis of these Receivables are as follows:

| | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **All Receivables:** | | | | | |
| Gross Balances | 17 944 681 | 594 619 | 554 836 | 12 753 170 | 31 847 306 |
| Less: Provision for Impairment | 2 920 078 | 385 956 | 435 423 | 12 281 630 | 16 023 087 |
| **Net Balances** | **15 024 603** | **208 663** | **119 413** | **471 540** | **15 824 219** |

| **As at 30 June 2022** | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **Electricity:** | | | | | |
| Gross Balances | 7 115 715 | 1 743 475 | 1 446 515 | 4 969 717 | 15 275 422 |
| Less: Provision for Impairment | 1 820 774 | 445 643 | 342 384 | 4 005 218 | 6 614 019 |
| **Net Balances** | **5 294 941** | **1 297 832** | **1 104 131** | **964 499** | **8 661 403** |



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| | | | | | |
|---|---|---|---|---|---|
| **Refuse:** | | | | | |
| Gross Balances | 1 526 942 | 138 489 | 114 282 | 3 189 795 | 4 969 507 |
| Less: Provision for Impairment | 351 321 | 89 559 | 88 396 | 3 037 893 | 3 567 169 |
| **Net Balances** | **1 175 621** | **48 930** | **25 886** | **151 902** | **1 402 339** |
| **Sewerage:** | | | | | |
| Gross Balances | 2 838 268 | 172 090 | 137 586 | 3 413 942 | 6 561 886 |
| Less: Provision for Impairment | 2 018 952 | 122 413 | 97 869 | 2 428 447 | 4 667 682 |
| **Net Balances** | **819 316** | **49 677** | **39 717** | **985 494** | **1 894 204** |
| **Merchandising, Jobbing and Contracts:** | | | | | |
| Gross Balances | 17 007 | - | - | - | 17 007 |
| Less: Provision for Impairment | - | - | - | - | - |
| **Net Balances** | **17 007** | **-** | **-** | **-** | **17 007** |
| **Other Service Charges:** | | | | | |
| Gross Balances | 294 741 | 26 122 | 48 970 | 1 832 303 | 2 202 136 |
| Less: Provision for Impairment | - | - | - | 1 765 268 | 1 765 268 |
| **Net Balances** | **294 741** | **26 122** | **48 970** | **67 035** | **436 868** |
| **Water:** | | | | | |
| Gross Balances | 3 324 722 | 432 219 | 349 678 | 4 244 115 | 8 350 734 |
| Less: Provision for Impairment | 1 649 360 | 27 732 | 27 789 | 3 203 537 | 4 908 419 |
| **Net Balances** | **1 675 362** | **404 486** | **321 888** | **1 040 579** | **3 442 315** |
| **Other Receivables:** | | | | | |
| Gross Balances | 79 937 | 6 468 | 6 629 | 53 365 | 146 398 |
| Less: Provision for Impairment | - | - | - | - | - |
| **Net Balances** | **79 937** | **6 468** | **6 629** | **53 365** | **146 398** |
| **Other Debtors:** | | | | | |
| Gross Balances | 36 121 | - | - | - | 36 121 |
| Less: Provision for Impairment | - | - | - | - | - |
| **Net Balances** | **36 121** | **-** | **-** | **-** | **36 121** |
| **Prepayments and Advances:** | | | | | |
| Gross Balances | 111 652 | - | - | - | 111 652 |
| Less: Provision for Impairment | - | - | - | - | - |
| **Net Balances** | **111 652** | **-** | **-** | **-** | **111 652** |

As at 30 June Receivables of R6 643 610 were past due but not impaired. The age analysis of these Receivables are as follows

| | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **All Receivables:** | | | | | |
| Gross Balances | 15 345 104 | 2 518 862 | 2 103 660 | 17 703 237 | 37 670 864 |
| Less: Provision for Impairment | 5 840 408 | 685 347 | 556 439 | 14 440 363 | 21 522 557 |
| **Net Balances** | **9 504 696** | **1 833 515** | **1 547 221** | **3 262 874** | **16 148 307** |



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**2.3 Summary of Receivables from Exchange Transactions by Customer Classification**

| As at 30 June 2023 | Household | Industrial/ Commercial | National and Provincial Government | Other |
|---|---|---|---|---|
| | R | R | R | R |
| Current: | | | | |
| 0 - 30 days | 11 646 812 | 5 626 802 | 671 067 | - |
| Past Due: | | | | |
| 31 - 60 Days | 566 030 | 25 957 | 2 632 | - |
| 61 - 90 Days | 529 573 | 18 210 | 7 053 | - |
| + 90 Days | 12 248 972 | 501 788 | 2 410 | - |
| Sub-total | 24 991 386 | 6 172 757 | 683 162 | - |
| Less: Provision for Impairment | 14 853 666 | 1 052 749 | 116 671 | - |
| **Total Trade Receivables by Customer Classification** | **10 137 720** | **5 120 008** | **566 491** | **-** |

| As at 30 June 2022 | Household | Industrial/ Commercial | National and Provincial Government | Other |
|---|---|---|---|---|
| | R | R | R | R |
| Current: | | | | |
| 0 - 30 days | 6 991 313 | 7 605 444 | 748 347 | - |
| Past Due: | | | | |
| 31 - 60 Days | 548 646 | 1 970 217 | - | - |
| 61 - 90 Days | 438 737 | 1 664 923 | - | - |
| + 90 Days | 12 027 861 | 5 666 153 | 9 223 | - |
| Sub-total | 20 006 557 | 16 906 737 | 757 570 | - |
| Less: Provision for Impairment | 14 438 946 | 7 000 112 | 83 500 | - |
| **Total Trade Receivables by Customer Classification** | **5 567 611** | **9 906 625** | **674 071** | **-** |

**2.4 Reconciliation of the Provision for Impairment**

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| Balance at beginning of year | 21 522 557 | 20 259 131 |
| Impairment Losses recognised | 355 424 | 3 282 418 |
| Impairment Losses reversed | (5 854 894) | (2 018 992) |
| **Balance at end of year** | **16 023 087** | **21 522 557** |

**2.4.1 Allocation for Cash Flow**

| | | |
|---|---|---|
| **Provision for Impairment at Beginning of Year** | 21 522 557 | 20 259 131 |
| **Movement in Non-cash Transactions:-** | | |
| Impairment Recognised | 355 424 | 3 282 418 |
| Impairment Reversed | (5 854 894) | (2 018 992) |
| Total Receivables from Exchange Transactions Impairment allocated to Non-cash Transactions | (5 499 470) | 1 263 426 |
| **Provision for Impairment at End of Year** | **16 023 087** | **21 522 557** |

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.



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## 3. STATUTORY RECEIVABLES FROM VAT TRANSACTIONS

| As at 30 June 2023 | Gross Balances | Provision for Impairment | Net Balances |
|---|---|---|---|
| | R | R | R |
| VAT Receivable | 3 021 060 | 2 431 172 | 5 452 232 |
| **Total Statutory Receivables from VAT Transactions** | **3 021 060** | **2 431 172** | **5 452 232** |

| As at 30 June 2022 | Gross Balances | Provision for Impairment | Net Balances |
|---|---|---|---|
| | R | R | R |
| VAT Receivable | 2 720 645 | 3 092 079 | 5 812 724 |
| **Total Statutory Receivables from VAT Transactions** | **2 720 645** | **3 092 079** | **5 812 724** |

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60

| 3.1 Reconciliation of Provision for Impairment | 2023 | 2022 |
|---|---|---|
| | R | R |
| Balance at beginning of year | 3 092 079 | 2 887 458 |
| Impairment Losses recognised | 102 775 | 204 621 |
| Impairment Losses reversed | (763 682) | - |
| **Balance at end of year** | **2 431 172** | **3 092 079** |

### 3.1.1 Allocation for Cash Flow

| | | |
|---|---|---|
| **Provision for Impairment at Beginning of Year** | 3 092 079 | 2 887 458 |
| **Movement in Non-cash Transactions:-** | | |
| Impairment Recognised | 102 775 | 204 621 |
| Impairment Reversed | (763 682) | - |
| Total Receivables from Exchange Transactions Impairment allocated to Non-cash Transactions | (660 907) | 204 621 |
| **Provision for Impairment at End of Year** | **2 431 172** | **3 092 079** |

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

## 4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| As at 30 June 2023 | Gross Balances | Provision for Impairment | Balances |
|---|---|---|---|
| | R | R | R |
| Accrued Income | 129 538 | - | 129 538 |
| Service Charges (Availability Charges): | 2 925 949 | 2 615 900 | 310 049 |
| - Electricity | 1 155 411 | 1 027 495 | 127 916 |
| - Waste | - | - | - |
| - Waste Water | 790 568 | 693 265 | 97 302 |
| - Water | 979 971 | 895 140 | 84 831 |
| **Total Receivables from Non-exchange Transactions** | **3 055 488** | **2 615 900** | **439 587** |



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| As at 30 June 2022 | Gross Balances | Provision for Impairment | Net Balances |
|---|---|---|---|
| | R | R | R |
| Service Charges(Availability Charges): | 2 495 735 | 2 183 381 | 312 355 |
| - Electricity | 1 177 031 | 847 624 | 329 407 |
| - Waste Water | 605 852 | 633 007 | (27 155) |
| - Water | 712 852 | 702 749 | 10 102 |
| **Total Receivables from Non-exchange Transactions** | **2 495 735** | **2 183 381** | **312 355** |

**4.1 Allocation for Cash Flow**

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| **Other Receipts:-** | | |
| Receivables from Non-exchange Transactions - Opening Balance | 312 355 | 289 448 |
| Receivables from Non-exchange Transactions - Closing Balance | (439 587) | (312 355) |
| Receivables from Non-exchange Transactions: Provision for Impairment - Opening Balance | 2 183 381 | 1 878 045 |
| Receivables from Non-exchange Transactions: Provision for Impairment - Closing Balance | (2 615 900) | (2 183 381) |
| Less Cash Flow for:- | | |
| Suppliers Paid | - | (3 780) |
| Service Charges | 430 214 | 332 023 |
| Total Receivables from Non-exchange Transactions allocated to Other Receipts | **(129 538)** | **-** |
| **Suppliers Paid:-** | | |
| Receivables for Unauthorised, Irregular, Fruitless and Wasteful Expenditure - Opening Balance | - | 3 780 |
| Receivables for Unauthorised, Irregular, Fruitless and Wasteful Expenditure - Closing Balance | - | - |
| | | - |
| Total Receivables from Non-exchange Transactions allocated to Suppliers Paid | **-** | **3 780** |
| **Service Charges (Availability Charges):** | | |
| Service Charges Debtors - Opening Balance | 312 355 | 285 668 |
| Service Charges Debtors - Closing Balance | (310 049) | (312 355) |
| Service Charges Debtors: Provision for Impairment - Opening Balance | 2 183 381 | 1 878 045 |
| Service Charges Debtors: Provision for Impairment - Closing Balance | (2 615 900) | (2 183 381) |
| Total Statutory Receivables from Non-Exchange Transactions allocated to Service Charges | **(430 214)** | **(332 023)** |
| **Total Receivables from Non-exchange Transactions allocated to Cash Flow** | **(559 752)** | **(328 243)** |

**Service Charges** arise from availability charges levied against vacant property where the service infrastructure is available to the property. Availability Charges are levied for Electricty, Waste Removal, Waste Water and Water Services.

**4.2 Ageing of Receivables from Non-exchange Transactions**

| As at 30 June 2023 | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **Accrued Income:** | | | | | |
| Gross Balances | 129 538 | - | - | - | 129 538 |
| Less: Provision for Impairment | - | - | - | - | - |
| **Net Balances** | **129 538** | **-** | **-** | **-** | **129 538** |



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| | | | | | |
|---|---|---|---|---|---|
| **Service Charges:** | | | | | |
| Gross Balances | 418 269 | 80 846 | 64 121 | 2 362 713 | 2 925 949 |
| Less: Provision for Impairment | 163 864 | 60 681 | 52 035 | 2 339 321 | 2 615 900 |
| **Net Balances** | **254 406** | **20 166** | **12 086** | **23 392** | **310 049** |

As at 30 June Receivables of R55 643 were past due but not impaired. The age analysis of these Receivables are as follows:

| | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **All Receivables:** | | | | | |
| Gross Balances | 547 808 | 80 846 | 64 121 | 2 362 713 | 3 055 488 |
| Less: Provision for Impairment | 163 864 | 60 681 | 52 035 | 2 339 321 | 2 615 900 |
| **Net Balances** | **383 944** | **20 166** | **12 086** | **23 392** | **439 587** |

| **As at 30 June 2022** | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **Service Charges:** | | | | | |
| Gross Balances | 398 903 | 71 549 | 61 954 | 1 963 329 | 2 495 735 |
| Less: Provision for Impairment | 348 978 | 62 356 | 53 960 | 1 718 087 | 2 183 381 |
| **Net Balances** | **49 925** | **9 193** | **7 994** | **245 243** | **312 355** |

As at 30 June Receivables of R262 430 were past due but not impaired. The age analysis of these Receivables are as follows:

| | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **All Receivables:** | | | | | |
| Gross Balances | 398 903 | 71 549 | 61 954 | 1 963 329 | 2 495 735 |
| Less: Provision for Impairment | 348 978 | 62 356 | 53 960 | 1 718 087 | 2 183 381 |
| **Net Balances** | **49 925** | **9 193** | **7 994** | **245 243** | **312 355** |

**4.3 Summary of Non-Exchange Debtors by Customer Classification**

| **As at 30 June 2023** | **Household** | **Industrial/ Commercial** | **National and Provincial Government** | **Other** |
|---|---|---|---|---|
| | **R** | **R** | **R** | **R** |
| Current: | | | | |
| 0 - 30 days | 547 807 | - | - | - |
| Past Due: | | | | |
| 31 - 60 Days | 80 846 | - | - | - |
| 61 - 90 Days | 64 121 | - | - | - |
| + 90 Days | 2 362 713 | - | - | - |
| Sub-total | 3 055 487 | - | - | - |
| Less: Provision for Impairment | 2 615 900 | | | - |
| **Total Non-exchange Debtors by Customer Classification** | **439 588** | **-** | **-** | **-** |



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| As at 30 June 2022 | Household | Industrial/ Commercial | National and Provincial Government | Other |
|---|---|---|---|---|
| | R | R | R | R |
| Current: | | | | |
| 0 - 30 days | 398 903 | - | - | - |
| Past Due: | | | | |
| 31 - 60 Days | 71 549 | - | - | - |
| 61 - 90 Days | 61 954 | - | - | - |
| + 90 Days | 1 963 329 | - | - | - |
| Sub-total | 2 495 735 | - | - | - |
| Less: Provision for Impairment | 2 183 381 | - | - | - |
| **Total Non-exchange Debtors by Customer Classification** | **312 354** | **-** | **-** | **-** |

**4.4 Reconciliation of Provision for Impairment**

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| Balance at Beginning of year | 2 183 381 | 1 878 045 |
| Impairment Losses recognised | 432 520 | 305 336 |
| Impairment Losses reversed | - | (78 496) |
| **Balance at end of year** | **2 615 900** | **2 104 885** |

**4.4.1 Allocation for Cash Flow**

| | | |
|---|---|---|
| **Provision for Impairment at Beginning of Year** | 2 104 885 | 1 878 045 |
| **Movement in Non-cash Transactions:-** | | |
| Impairment Recognised | 432 520 | 305 336 |
| Impairment Reversed | - | (78 496) |
| Total Receivables from Exchange Transactions Impairment allocated to Non-cash Transactions | 432 520 | 226 840 |
| **Provision for Impairment at End of Year** | **2 537 404** | **2 104 885** |

## 5. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| As at 30 June 2023 | Gross Balances | Provision for Impairment | Net Balances |
|---|---|---|---|
| | R | R | R |
| Property Rates | 8 148 367 | 4 311 830 | 3 836 536 |
| Fines | 102 358 815 | 91 230 464 | 11 128 351 |
| **Total Statutory Receivables from Non-Exchange Transactio** | **110 507 182** | **95 542 295** | **14 964 887** |

| As at 30 June 2022 | Gross Balances | Provision for Impairment | Net Balances |
|---|---|---|---|
| | R | R | R |
| Property Rates | 7 631 127 | 3 709 304 | 3 921 822 |
| Fines | 90 796 294 | 78 798 134 | 11 998 159 |
| **Total Statutory Receivables from Non-Exchange Transactio** | **98 427 420** | **82 507 439** | **15 919 981** |



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| 5.1 Allocation for Cash Flow | 2023<br>R | 2022<br>R |
|---|---|---|
| **Property Rates:-** | | |
| Property Rates Debtors - Opening Balance | 3 921 822 | 3 263 302 |
| Property Rates Debtors - Closing Balance | (3 836 536) | (3 921 822) |
| Property Rates Debtors: Provision for Impairment - Opening Balance | 3 709 304 | 3 787 801 |
| Property Rates Debtors: Provision for Impairment - Closing Balance | (4 311 830) | (3 709 304) |
| | (517 240) | (580 024) |
| Adjustment for Non-cash Transactions:- | (657 555) | (253 673) |
| Property Rates: Bad Debt Debt Written-off | (657 555) | (253 673) |
| Total Statutory Receivables from Non-exchange Transactions allocated to Property Rates | **(1 174 795)** | **(833 697)** |
| **Fines, Penalties and Forfeits:** | | |
| Fines Debtors - Opening Balance | 11 998 159 | 7 268 670 |
| Fines Debtors - Closing Balance | (11 128 351) | (11 998 159) |
| Fines Debtors: Provision for Impairment - Opening Balance | 78 798 134 | 60 936 185 |
| Fines Debtors: Provision for Impairment - Closing Balance | (91 230 464) | (78 798 134) |
| | (11 562 521) | (22 591 439) |
| Adjustment for Non-cash Transactions:- | (23 084 370) | (12 578 200) |
| Trafffic Fines: Withdrawals | (689 740) | - |
| Trafffic Fines: Bad Debt Debt Written-off | (22 394 630) | (12 578 200) |
| Total Statutory Receivables from Non-Exchange Transactions allocated to Fines, Penalties & Forfeits | **(34 646 891)** | **(35 169 639)** |
| **Total Statutory Receivables from Non-Exchange Transactions allocated to Cash Flow** | **(35 821 687)** | **(36 003 336)** |

**Property Rates** is a tax levied by a municipality to a property owner to enable the municipality to perform its functions. Property Rates are calculated by multiplying the market value of the property with a rate determined by the Municipal Council. The levying of this revenue stream is governed by the Municipal Property Rates Act 6 of 2004.

**Traffic Fines** arise from fines issued by the municipality's traffic officials as well as officials from the Provincial Traffic Department. These fines are issued in accordance with the National Road Traffic Act 93 of 1996, National Land Transport Act 5/2009 as well as the National Road Traffic Regulations of 2000. The fines issued are divided into Section 341 and Section 56 Fines.

Section 341 fines are speed control fines or spot fines. Speed control fines are issued when a motorist is caught speeding on a calibrated radar camera device. The device takes a picture of the vehicle and takes a speed reading. The speeding fine is then delivered to the registered owner of the vehicle by post. The spot fines (pink slip) are issued when the motorist is not at the vehicle and pasted to the window. A printed copy is also delivered to the registered owner of the vehicle by post.

The Section 56 fine is imposed when a motorist is stopped by the traffic officer when an offence occurred or an offence is noted with a routine check. In this case the offender must provide the traffic officer with some sort of identification.

**5.2 Ageing of Statutory Receivables from Non-Exchange Transactions**

| As at 30 June 2023 | Current | Past Due | | | |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | Total |
| **Property Rates:** | | | | | |
| Gross Balances | 4 695 813 | 168 977 | 122 958 | 3 160 620 | 8 148 367 |
| Less: Provision for Impairment | 1 019 225 | 91 907 | 80 609 | 3 120 091 | 4 311 830 |
| **Net Balances** | **3 676 588** | **77 070** | **42 349** | **40 529** | **3 836 536** |



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| | | | | | |
|---|---|---|---|---|---|
| **Fines:** | | | | | |
| Gross Balances | 5 644 990 | 3 859 950 | 3 415 250 | 89 438 625 | 102 358 815 |
| Less: Provision for Impairment | 4 374 697 | 3 437 150 | 3 074 945 | 80 343 672 | 91 230 464 |
| **Net Balances** | **1 270 293** | **422 800** | **340 305** | **9 094 953** | **11 128 351** |

As at 30 June Receivables of R10 018 006 were past due but not impaired. The age analysis of these Receivables are as follows:

| | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **All Receivables:** | | | | | |
| Gross Balances | 10 340 803 | 4 028 927 | 3 538 208 | 92 599 245 | 110 507 182 |
| Less: Provision for Impairment | 5 393 922 | 3 529 057 | 3 155 554 | 83 463 763 | 95 542 295 |
| **Net Balances** | **4 946 881** | **499 870** | **382 654** | **9 135 482** | **14 964 887** |

| **As at 30 June 2022** | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **Property Rates:** | | | | | |
| Gross Balances | 3 953 810 | 156 651 | 114 454 | 3 406 212 | 7 631 127 |
| Less: Provision for Impairment | 2 112 912 | 83 714 | 61 164 | 1 451 514 | 3 709 304 |
| **Net Balances** | **1 840 898** | **72 937** | **53 290** | **1 954 698** | **3 921 823** |
| **Fines:** | | | | | |
| Gross Balances | 4 463 150 | 3 672 800 | 3 712 950 | 78 947 394 | 90 796 294 |
| Less: Provision for Impairment | 3 873 373 | 3 187 463 | 3 222 307 | 68 514 991 | 78 798 134 |
| **Net Balances** | **589 777** | **485 337** | **490 643** | **10 432 402** | **11 998 159** |

As at 30 June Receivables of R13 489 307 were past due but not impaired. The age analysis of these Receivables are as follows

| | Current | Past Due | | | Total |
|---|---|---|---|---|---|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| **All Receivables:** | | | | | |
| Gross Balances | 8 416 960 | 3 829 451 | 3 827 404 | 82 353 606 | 98 427 421 |
| Less: Provision for Impairment | 5 986 285 | 3 271 177 | 3 283 471 | 69 966 506 | 82 507 439 |
| **Net Balances** | **2 430 675** | **558 274** | **543 933** | **12 387 100** | **15 919 982** |

**5.3 Summary of Statutory Receivables Debtors by Customer Classification**

| **As at 30 June 2023** | **Household** | **Industrial/ Commercial** | **National Provincial Government** | **Other** |
|---|---|---|---|---|
| | **R** | **R** | **R** | **R** |
| Current: | | | | |
| 0 - 30 days | 3 247 118 | 1 422 262 | 26 433 | - |
| Past Due: | | | | |
| 31 - 60 Days | 105 083 | 61 477 | 2 417 | - |
| 61 - 90 Days | 78 060 | 42 459 | 2 439 | - |
| + 90 Days | 2 589 020 | 319 370 | 252 230 | - |
| Sub-total | 6 019 279 | 1 845 569 | 283 519 | - |
| Less: Provision for Impairment | 3 430 257 | 616 675 | 264 898 | - |
| **Total Rates Debtors by Customer Classification** | **2 589 022** | **1 228 894** | **18 621** | **-** |



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| As at 30 June 2022 | Household | Industrial/ Commercial | National Provincial Government | Other |
|---|---|---|---|---|
| | R | R | R | R |
| Current: | | | | |
| 0 - 30 days | 3 949 253 | 1 004 | 3 553 | - |
| Past Due: | | | | |
| 31 - 60 Days | 149 287 | 3 277 | 4 088 | - |
| 61 - 90 Days | 92 915 | 10 864 | 10 674 | - |
| + 90 Days | 2 913 165 | 79 394 | 413 654 | - |
| Sub-total | 7 104 620 | 94 538 | 431 969 | - |
| Less: Provision for Impairment | 3 160 090 | 120 371 | 428 843 | |
| **Total Rates Debtors by Customer Classification** | **3 944 529** | **(25 833)** | **3 126** | **-** |

**5.4 Reconciliation of Provision for Impairment**

| | 2023 R | 2022 R |
|---|---|---|
| Balance at Beginning of year | 82 507 439 | 64 723 985 |
| Property Rates | 3 709 304 | 3 787 801 |
| Fines | 78 798 134 | 60 936 185 |
| Impairment Losses Recognised | 13 034 856 | 17 861 950 |
| Property Rates | 602 526 | - |
| Fines | 12 432 330 | 17 861 950 |
| Impairment Losses Reversed | - | - |
| Property Rates | - | - |
| Fines | | |
| **Balance at end of year** | **95 542 295** | **82 585 935** |

**5.4.1 Allocation for Cash Flow**

| | | |
|---|---|---|
| **Provision for Impairment at Beginning of Year** | 82 507 439 | 64 723 985 |
| **Movement in Non-cash Transactions:-** | | |
| Impairment Recognised | 13 034 856 | 17 861 950 |
| Impairment Reversed | - | - |
| Total Receivables from Non-exchange Transactions Impairment allocated to Non-cash Transactions | 13 034 856 | 17 861 950 |
| **Provision for Impairment at End of Year** | **95 542 295** | **82 585 935** |

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

## 6. CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Current Investments | 17 329 376 | 55 894 108 |
| Bank Accounts | 104 439 194 | 57 424 084 |
| Cash on Hand | 4 650 | 6 171 |
| **Total Bank, Cash and Cash Equivalents** | **121 773 220** | **113 324 362** |



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| 6.1 Allocation for Cash Flow: | 2023 | 2022 |
|---|---|---|
| | R | R |
| **Increase / (Decrease) in Cash Equivalents:-** | | |
| Cash and Cash Equivalents - Opening Balance | 113 324 362 | 109 813 853 |
| Cash and Cash Equivalents - Closing Balance | (121 773 220) | (113 324 362) |
| Total Cash and Cash Equivalents allocated to Increase / (Decrease) in Cash Equivalents | **(8 448 858)** | **(3 510 509)** |
| **Total Cash and Cash Equivalents allocated to Cash Flow** | **(8 448 858)** | **(3 510 509)** |

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

**6.2 Current Investment Deposits**

| | | |
|---|---|---|
| Call Deposits | 17 329 376 | 55 894 108 |
| **Total Current Investment Deposits** | **17 329 376** | **55 894 108** |

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 2,23% to 4,50% (2022: 2,08% to 3,37%) per annum.

| | | |
|---|---|---|
| In favour of Eskom | 2 000 | 2 000 |
| In favour of Department of Minerals and Energy | 20 000 | 20 000 |
| In favour of Diale Mogashoa Inc Attorneys | 5 112 900 | 5 112 900 |
| **Total Guarantees Granted** | **5 134 900** | **5 134 900** |

**6.3 Bank Accounts**

| | | |
|---|---|---|
| Cash in Bank | 104 439 194 | 57 424 084 |
| **Total Bank Accounts** | **104 439 194** | **57 424 084** |

The Municipality has the following operational bank accounts:

| | | |
|---|---|---|
| **Primary Bank Account** | | |
| Cash book balance at beginning of year | 51 961 526 | 74 976 816 |
| Cash book balance at end of year | 101 097 253 | 51 961 526 |
| ABSA Bank - Swellendam Branch - Cheque Account Number: 2390560039 | | |
| Bank statement balance at beginning of year | 51 685 895 | 74 639 235 |
| Bank statement balance at end of year | 100 807 809 | 51 685 895 |
| **Current Account** | | |
| Cash book balance at beginning of year | 5 462 558 | 3 853 298 |
| Cash book balance at end of year | 3 341 941 | 5 462 558 |
| First National Bank - Swellendam Branch - Cheque Account Number: 53840005730 | | |
| Bank statement balance at beginning of year | 5 462 558 | 3 853 298 |
| Bank statement balance at end of year | 3 341 941 | 5 462 558 |

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

The carrying value of these assets approximates their fair value.

**6.4 Cash on Hand**

| | | |
|---|---|---|
| Cash Floats and Advances | 4 650 | 6 171 |
| **Total Cash on hand in Cash Floats, Advances and Equivalents** | **4 650** | **6 171** |



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## 7. PROPERTY, PLANT AND EQUIPMENT

**30 June 2023**

**Reconciliation of Carrying Value**

| Description | Land | Buildings | Infra-structure | Community | Other | Transport Assets | Total |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R |
| **Carrying values at 01 July 2022** | **20 214 582** | **7 865 314** | **367 140 432** | **47 876 998** | **8 224 745** | **10 068 236** | **461 390 307** |
| Cost | 28 929 494 | 9 618 934 | 467 877 040 | 55 689 045 | 18 218 415 | 18 979 570 | 599 312 500 |
| - Completed Assets | 28 929 494 | 9 618 934 | 411 697 947 | 55 378 902 | 18 218 415 | 18 979 570 | 542 823 263 |
| - Under Construction | - | - | 56 179 094 | 310 143 | - | - | 56 489 237 |
| Accumulated Impairment Losses | (8 714 912) | (613 620) | (1 107 705) | (4 703 452) | - | - | (15 139 689) |
| Accumulated Depreciation | - | (1 140 000) | (99 628 903) | (3 108 595) | (9 993 670) | (8 911 335) | (122 782 504) |
| Acquisition of Assets | | | | | | | |
| - Cost | - | 57 573 | 46 199 860 | 1 812 404 | 2 868 958 | 5 377 646 | 56 316 440 |
| - Capital Under Construction | - | - | 3 179 267 | 1 546 510 | - | - | 4 725 777 |
| Decommisioning and other Liabilities | - | - | 3 669 163 | - | - | - | 3 669 163 |
| Depreciation | - | (132 429) | (11 357 028) | (620 867) | (1 592 993) | (697 275) | (14 400 593) |
| Carrying value of Disposals: | (11 000) | - | (419 464) | (1 967) | (7 812) | (232 018) | (672 261) |
| - Cost | (12 000) | - | (566 833) | (4 585) | (86 305) | (562 181) | (1 231 904) |
| - Accumulated Impairment Losses | 1 000 | - | - | 2 000 | - | - | 3 000 |
| - Accumulated Depreciation | - | - | 147 368 | 618 | 78 494 | 330 163 | 556 643 |
| Impairment Losses | - | - | (58 766) | - | (1 475 489) | (2 612) | (1 536 867) |
| Capital under Construction - Completed | - | - | (43 525 651) | (1 856 653) | - | - | (45 382 305) |
| Other Movements | - | (50 712) | 45 072 162 | 310 143 | 50 712 | - | 45 382 305 |
| - Cost | - | (50 712) | 45 072 162 | 310 143 | 50 712 | - | 45 382 305 |
| **Carrying values at 30 June 2023** | **20 203 582** | **7 739 746** | **409 899 973** | **49 066 568** | **8 068 121** | **14 513 975** | **509 491 965** |
| Cost | 28 917 494 | 9 625 795 | 521 905 007 | 57 496 865 | 21 051 780 | 23 795 035 | 662 791 976 |
| - Completed Assets | 28 917 494 | 9 625 795 | 506 072 298 | 57 496 865 | 21 051 780 | 23 795 035 | 646 959 266 |
| - Under Construction | - | - | 15 832 709 | - | - | - | 15 832 709 |
| Accumulated Impairment Losses | (8 713 912) | (613 620) | (1 166 471) | (4 701 452) | (1 475 489) | (2 612) | (16 673 556) |
| Accumulated Depreciation | - | (1 272 429) | (110 838 563) | (3 728 845) | (11 508 170) | (9 278 447) | (136 626 454) |

**30 June 2022**

**Reconciliation of Carrying Value**

| Description | Land | Buildings | Infra-structure | Community | Other | Transport Assets | Total |
|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R |
| **Carrying values at 01 July 2021** | **20 223 960** | **7 600 201** | **298 927 546** | **36 872 428** | **7 726 556** | **8 605 862** | **379 956 554** |
| Cost | 28 938 872 | 9 229 018 | 388 799 271 | 44 329 030 | 16 620 054 | 16 948 969 | 504 865 212 |
| - Completed Assets | 28 938 872 | 9 229 018 | 383 760 776 | 42 256 882 | 16 620 054 | 16 948 969 | 497 754 570 |
| - Under Construction | - | - | 5 038 494 | 2 072 148 | - | - | 7 110 642 |
| Accumulated Impairment Losses | (8 714 912) | (613 620) | (1 107 705) | (4 735 449) | - | - | (15 171 686) |
| Accumulated Depreciation | - | (1 015 196) | (88 764 019) | (2 721 153) | (8 893 498) | (8 343 107) | (109 736 973) |
| - Cost | 11 955 | 421 084 | 554 355 | 13 683 521 | 1 998 182 | 2 158 518 | 18 827 614 |
| - Capital Under Construction | - | - | 75 912 026 | 310 143 | - | - | 76 222 169 |
| Decommisioning and other Liabilities | - | - | 2 007 225 | - | - | - | 2 007 225 |
| Depreciation | - | (128 983) | (11 530 513) | (425 983) | (1 384 106) | (664 719) | (14 134 303) |
| Carrying value of Disposals: | (21 333) | (26 988) | (802 356) | (479 759) | (115 888) | (31 425) | (1 477 749) |
| - Cost | (21 333) | (31 167) | (1 467 984) | (561 500) | (399 821) | (127 917) | (2 609 721) |
| - Accumulated Impairment Losses | - | - | - | 42 740 | - | - | 42 740 |
| - Accumulated Depreciation | - | 4 179 | 665 628 | 39 001 | 283 933 | 96 491 | 1 089 232 |
| Capital under Construction - Completed | - | - | (24 771 427) | (2 072 148) | - | - | (26 843 575) |
| Other Movements | - | - | 26 843 575 | (11 204) | - | - | 26 832 371 |
| - Cost | - | - | 26 843 575 | - | - | - | 26 843 575 |
| - Accumulated Impairment Losses | - | - | - | (10 744) | - | - | (10 744) |
| - Accumulated Depreciation | - | - | - | (460) | - | - | (460) |
| **Carrying values at 30 June 2022** | **20 214 582** | **7 865 314** | **367 140 432** | **47 876 998** | **8 224 745** | **10 068 236** | **461 390 307** |
| Cost | 28 929 494 | 9 618 934 | 467 877 040 | 55 689 045 | 18 218 415 | 18 979 570 | 599 312 500 |
| - Completed Assets | 28 929 494 | 9 618 934 | 411 697 947 | 55 378 902 | 18 218 415 | 18 979 570 | 542 823 263 |
| - Under Construction | - | - | 56 179 094 | 310 143 | - | - | 56 489 237 |
| Accumulated Impairment Losses | (8 714 912) | (613 620) | (1 107 705) | (4 703 452) | - | - | (15 139 689) |
| Accumulated Depreciation | - | (1 140 000) | (99 628 903) | (3 108 595) | (9 993 670) | (8 911 335) | (122 782 504) |

The prior year amount for Property, Plant and Equipment has been adjusted. Refer to Note 46 on "Correction of Error" for details of the restatement.



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## 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

| | 2023 R | 2022 R |
|---|---|---|
| **7.1 Allocation for Cash Flow** | | |
| **Property, Plant and Equipment at Beginning of Year** | **461 390 307** | **379 956 554** |
| **Movement in Non-cash Transactions:-** | | |
| Depreciation for the Year | (14 400 593) | (14 134 303) |
| Impairment for the Year | (1 536 867) | - |
| Decommissioning, Restoration and Other Liabilities | 3 669 163 | 2 007 225 |
| Assets Acquired from Lease Financing | 1 147 584 | - |
| Carrying Value of Disposals | (672 261) | (1 477 749) |
| Total Property, Plant and Equipment allocated to Non-cash Transactions | (11 792 975) | (13 604 827) |
| **Purchase of Property, Plant and Equipment:-** | | |
| Acquisition of Property, Plant and Equipment | 56 316 440 | 18 827 614 |
| Acquisition of Construction Work-in-Progress | 4 725 777 | 76 222 169 |
| Less: Leaseded Assets | (1 147 584) | - |
| Total Property, Plant and Equipment allocated to Purchase of Property, Plant and Equipment | 59 894 634 | 95 049 784 |
| **Transfer of Property, Plant and Equipment:-** | | |
| Property, Plant and Equipment | 45 382 305 | 26 832 371 |
| Construction Work-in-Progress | (45 382 305) | (26 843 575) |
| Total Property, Plant and Equipment allocated to Suppliers Paid | - | (11 204) |
| **Property, Plant and Equipment at End of Year** | **509 491 965** | **461 390 307** |
| **Proceeds on Disposal of Property, Plant and Equipment:-** | | |
| Disposals of Property, Plant and Equipment | 672 261 | 1 477 749 |
| Gains / Losses on Disposal of Property, Plant and Equipment Note 45 | (100 397) | (1 025 374) |
| Gains / Losses on Disposal of Property, Plant and Equipment: All Assets | (100 397) | (1 031 813) |
| Gains / Losses on Disposal of Property, Plant and Equipment: Intangible Assets | - | 6 439 |
| **Total Proceeds on Disposal of Property, Plant and Equipment allocated to Cash Flow** | **571 864** | **452 375** |

### 7.2 PPE for which the Municipality does not have the legal title, but has control:

| Carrying Value at year-end: | | | |
|---|---|---|---|
| Erf 420 - Suurbraak | Library | 922 191 | 942 913 |
| Erf 310 - Suurbraak | Stores | 575 352 | 580 682 |
| 10 Erven - Swellendam | Street Corridors | 9 100 | 9 100 |
| | | **1 506 643** | **1 532 694** |

**Key Judgements and Assumptions applied**

The Provincial Government, Western Cape, transferred Erf 420 Suurbraak. However, this erf consists out of two properties that are built on the property. One is the clinic and one is the main building (other assets) with the library (community assets) and old post office (Investment property). The erf should have been subdivided before it was transferred. Swellendam Municipality is in the process to address with Province to rectify as the main building with a library and rented offices is under their control.

Erf 310 Suurbraak consists out of the municipal stores (mainly) and a building that is let out. Swellendam Municipality utilises the stores to perform their mandated functions and they receive the income of the building which is let out. They are responsible for the insurance and municipal accounts for this property. Swellendam Municipality controls Erf 310 Suurbraak and exercise the right to direct access to the property and generate future economic and service potential of the property. A process will be initiated to address the ownership of this property.

10 Erven is situated in Swellendam which consists out of streets, which is part of Swellendam Municipality's mandated functions. These erven still have to be transferred to Swellendam Municipality.



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**7.3 PPE for which the Municipality has the legal title, but does not have the control:**

| | | 2023 | 2022 |
|---|---|---|---|
| | | R | R |
| Valuation as reflected on the 2019 Valuation Roll: | | | |
| 10 Erven - Swellendam | Part of the N2 National Road | 10 000 | 10 000 |
| 143 Erven - Swellendam | Erven | 13 443 000 | 13 443 000 |
| | | **13 453 000** | **13 453 000** |

**Key Judgements and Assumptions applied**

10 Erven form part of the N2 National Road , which is not part of the Municipality's mandated function.

143 Erven still to be tranferred to private owners as they control the assets, they can exercise the right to direct access to the property and generate future economic and service potential of the property. The private owners is responsible for the municipal accounts.

**7.4 Assets pledged as security**

The municipality's obligations under Finance Leases (see Note 16 ) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.

**7.5 Impairment of Property, Plant and Equipment**

Impairment Losses on Property, Plant and Equipment to the amount of R1 536 867 (2022: R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 36.

Reversals of Impairment Losses on Property, Plant and Equipment to the amount of R0 (2022: R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 36.

The amount disclosed for impairment losses on Property, Plant and Equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| Infrastructure | 58 766 | - |
| Other Assets | 1 475 489 | - |
| Transport Assets | 2 612 | - |
| **Total Impairment of Property, Plant and Equipment** | **1 536 867** | **-** |

Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant and idle.

**7.6 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed**

The change in estimates will result in a decrease of R-3 465 (increase 2022: R488 464) in the depreciation expense for the municipality over the next three financial years:

| | | |
|---|---|---|
| Financial Year 2021/22 | - | 209 497 |
| Financial Year 2022/23 | (3 465) | 239 972 |
| Financial Year 2023/24 | - | 38 995 |
| Financial Year 2024/25 | - | - |
| **Total Change in Estimate for Useful Life of Property, Plant and Equipment** | **(3 465)** | **488 464** |

**7.7 Work-in-Progress**

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| Community Assets | - | 310 143 |
| Infrastructure | 15 832 709 | 56 179 094 |
| **Total Carrying Amounts of Work-in-Progress** | **15 832 709** | **56 489 237** |



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**7.8 Delayed Projects**

| Project Details | Delayed or Halted | 2023 R | 2022 R |
|---|---|---|---|
| Infrastructure Asset | | | |
| Barrydale Waste Water Treatment Works | Halted | 769 642 | 769 642 |
| **Reason:** The project was halted due to counter funding availability. The cost incurred was for consultancy fees. New planning processes is planned for 2023 to commence with the project. | | | |
| **Total Carrying Amounts of Delayed or Halted Projects** | | **769 642** | **769 642** |

**7.9 Expenditure incurred for Repairs and Maintenance**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

| | | |
|---|---|---|
| - Contracted Services | 12 140 054 | 7 745 550 |
| - Inventory Consumed | 5 002 244 | 6 757 766 |
| - Labour | 9 742 365 | 8 520 138 |
| - Operating Leases | - | 1 241 718 |
| - Other Operational Costs | 551 857 | 10 433 |
| - Transfers and Subsidies | - | - |
| **Total Expenditure related to Repairs and Maintenance Projects** | **27 436 520** | **24 275 606** |

## 8. INTANGIBLE ASSETS

| | 2023 R | 2022 R |
|---|---|---|
| At Cost less Accumulated Amortisation and Accumulated Impairment Losses | **566 906** | **661 987** |

The movement in Intangible Assets is reconciled as follows:

**Software Purchased:**

| | | |
|---|---|---|
| **Carrying values at 01 July** | **661 987** | **741 194** |
| Cost | 1 232 943 | 1 161 379 |
| Accumulated Amortisation | (570 956) | (420 185) |
| Acquisitions: | 72 617 | 90 264 |
| Purchased | 72 617 | 90 264 |
| Amortisation: | (167 698) | (163 033) |
| Purchased | (167 698) | (163 033) |
| Disposals: | - | (6 439) |
| At Cost | - | (18 700) |
| At Accumulated Amortisation | - | 12 261 |
| **Carrying values at 30 June** | **566 906** | **661 987** |
| Cost | 1 305 560 | 1 232 943 |
| Accumulated Amortisation | (738 654) | (570 956) |

**8.1 Allocation for Cash Flow**

| | | |
|---|---|---|
| **Intangible Assets at Beginning of Year** | **661 987** | **741 194** |
| **Movement in Non-cash Transactions:-** | | |
| Amortisation for the Year | (167 698) | (163 033) |
| Accruals at Year-end for Acquisitions | - | - |
| Carrying Value of Disposals | - | (6 439) |
| Total Intangible Assets allocated to Non-cash Transactions | (167 698) | (169 472) |



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| | | | |
|---|---|---|---|
| **Purchase of Intangible Assets:-** | | | |
| Acquisition of Intangible Assets | | 72 617 | 90 264 |
| Total Intangible Assets allocated to Purchase of Intangible Assets | | 72 617 | 90 264 |
| **Intangible Assets at End of Year** | | **566 906** | **661 987** |
| **Proceeds on Disposal of Intangible Assets:-** | | | |
| Disposals as per Reconciliation of Intangible Assets | Note 8.1 | - | 6 439 |
| Gains / Losses on Disposal of Intangible Assets | Note 45. | - | (6 439) |
| **Total Proceeds on Disposal of Intangible Assets allocated to Cash Flow** | | **-** | **-** |

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 35).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

**8.2 Significant Intangible Assets**

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

**8.3 Intangible Assets with Indefinite Useful Lives**

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

## 9. INVESTMENT PROPERTY

| | 2023<br>R | 2022<br>R |
|---|---|---|
| At Cost less Accumulated Depreciation | **10 933 028** | **11 602 350** |

The movement in Investment Property is reconciled as follows:

| | | |
|---|---|---|
| **Carrying values at 1 July** | **11 602 350** | **11 787 598** |
| Cost | 13 265 109 | 13 422 659 |
| Accumulated Depreciation | (693 323) | (644 124) |
| Accumulated Impairment Losses | (969 436) | (990 936) |
| Depreciation during the Year | (52 088) | (52 322) |
| Disposals during the Year: | (617 234) | (31 081) |
| At Cost | (617 525) | (44 501) |
| At Accumulated Depreciation | 291 | 2 663 |
| At Accumulated Impairment | - | 10 756 |
| Transfers during the Year: | - | (101 845) |
| At Cost | - | (113 049) |
| At Accumulated Depreciation | - | 460 |
| At Accumulated Impairment | - | 10 744 |
| **Carrying values at 30 June** | **10 933 028** | **11 602 350** |
| Cost | 12 647 584 | 13 265 109 |
| Accumulated Depreciation | (745 120) | (693 323) |
| Accumulated Impairment | (969 436) | (969 436) |



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**9.1 Allocation for Cash Flow**

| | | |
|---|---|---|
| **Investment Property at Beginning of Year** | **11 602 350** | **11 787 598** |
| **Movement in Non-cash Transactions:-** | | |
| Depreciation for the Year | (52 088) | (52 322) |
| Carrying Value of Disposals | (617 234) | (31 081) |
| Total Investment Property allocated to Non-cash Transactions | (669 322) | (83 403) |
| **Purchase of Investment Property:-** | | |
| Acquisition of Investment Property | - | - |
| Total Investment Property allocated to Purchase of Investment Property | - | - |
| **Transfer of Investment Property:-** | | |
| Carrying Value of Transfers | - | (101 845) |
| Total Investment Property allocated to Suppliers Paid | - | (101 845) |
| **Investment Property at End of Year** | **10 933 028** | **11 602 350** |
| Rental Revenue earned from Investment Property | 716 114 | 314 328 |
| Direct Operating Expenses - incurred to generate rental revenue | - | - |

**9.2 Investmen Property for which the Municipality does not have the legal title, but has control:**

| | | | |
|---|---|---|---|
| Carrying Value at year-end: | | | |
| Erf 420 - Suurbraak | Old Post Office | 281 251 | 284 265 |
| | | **281 251** | **284 265** |

**Key Judgements and Assumptions applied**

The Provincial Government, Western Cape, transferred Erf 420 Suurbraak. However, this erf consists out of two properties that are built on the property. One is the clinic and one is the main building (other assets) with the library (community assets) and old post office (Investment property). The erf should have been subdivided before it was transferred. Swellendam Municipality is in the process to address with Province to rectify as the main building with a library and rented offices is under their control.

**9.3 Expenditure incurred for Repairs and Maintenance**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

| | | |
|---|---|---|
| Contracted Services | 5 961 | 13 457 |
| | **5 961** | **13 457** |



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## 10. HERITAGE ASSETS

**30 June 2023**

**Reconciliation of Carrying Value**

| | R | R |
|---|---|---|
| **Carrying values at 01 July 2022** | **170 979** | **170 979** |
| Cost | 170 979 | 170 979 |
| Acquisitions | - | - |
| **Carrying values at 30 June 2023** | **170 979** | **170 979** |
| Cost | 170 979 | 170 979 |

**30 June 2022**

**Reconciliation of Carrying Value**

| | R | R |
|---|---|---|
| **Carrying values at 01 July 2021** | **170 979** | **170 979** |
| Cost | 170 979 | 170 979 |
| Acquisitions | - | - |
| **Carrying values at 30 June 2022** | **170 979** | **170 979** |
| Cost | 170 979 | 170 979 |

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.



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## 11. LEASE RECEIVABLES

| | 2023 R | 2022 R |
|---|---|---|
| Current Lease Receivables | 10 353 | 48 060 |
| Non-current Lease Receivables | 238 415 | 149 671 |
| **Total Lease Receivables** | **248 768** | **197 731** |

### *11.1 Lease Receivables*

| | | |
|---|---|---|
| Operating Leases | 248 768 | 197 731 |
| Less: Current Portion transferred to Current Lease Receivables:- | 10 353 | 48 060 |
| Operating Leases | 10 353 | 48 060 |
| **Non-Current Portion of Operating Lease Receivables** | **238 415** | **149 671** |

### 11.1.1 Allocation for Cash Flow

| | | |
|---|---|---|
| ***Other Receipts:-*** | | |
| Opening Balance | 197 731 | 138 397 |
| Closing Balance | (248 768) | (197 731) |
| Total Current Portion of Operating Lease Receivables allocated to Other Receipts | (51 036) | (59 334) |
| **Total Operating Lease Receivables allocated to Cash Flow** | **(51 036)** | **(59 334)** |

### *11.1.2 Leasing Arrangements*

The Municipality entered into operating Leasing Arrangements for Municipal Land, Building, and Sport Club rentals. All leases are denominated in currency units that have a specific income condition.

### *11.2 Amounts receivable under Operating Leases*

At the Reporting Date the following minimum lease payments were receivable under Non-Cancellable Operating Leases for Land and Buildings, which are receivable as follows:

| | 2023 R | 2022 R |
|---|---|---|
| Up to 1 year | 666 314 | 501 872 |
| 2 to 5 years | 1 742 820 | 1 790 375 |
| More than 5 years | 885 279 | 1 413 928 |
| **Total Operating Lease Arrangements** | **3 294 414** | **3 706 175** |

## 12. LONG-TERM RECEIVABLES

| | | |
|---|---|---|
| Property Rates | 57 957 | 78 622 |
| Trading Service Debtors | 777 202 | 349 482 |
| **Total Long Term Receivables** | 835 159 | 428 104 |
| Property Rates | 57 957 | 78 622 |
| Trading Service Debtors | 777 202 | 349 482 |
| **Non-Current Potion of Long Term Receivables** | 835 159 | 428 104 |



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| 12.1 Allocation for Cash Flow | 2023<br>R | 2022<br>R |
|---|---|---|
| ***Decrease / (Increase) in Long-term Receivables:-*** | | |
| Long-term Receivables - Opening Balance | 428 104 | 167 615 |
| Long-term Receivables - Exchange Transactions | *349 482* | *88 571* |
| Long-term Receivables - Non-exchange Transactions | *78 622* | *79 043* |
| Long-term Receivables - Closing Balance | (835 159) | (428 104) |
| Long-term Receivables - Exchange Transactions | (777 202) | (349 482) |
| Long-term Receivables - Non-exchange Transactions | (57 957) | (78 622) |
| Total Long-term Receivables allocated to Decrease / (Increase) in Long-term Receivables | (407 055) | (260 489) |
| ***Other Receipts:-*** | | |
| Current Portion of Long-term Receivables - Opening Balance | - | - |
| *All Receivables* | *48 060* | *42 735* |
| *Operating Lease Receivables* | *(48 060)* | *(42 735)* |
| Current Portion of Long-term Receivables - Closing Balance | - | - |
| *All Receivables* | *(10 353)* | *(48 060)* |
| *Operating Lease Receivables* | *10 353* | *48 060* |
| Total Current Portion of Long-term Receivables allocated to Other Receipts | - | - |
| **Total Long-term Receivables allocated to Cash Flow** | **(407 055)** | **(260 489)** |

**12.2 Summary of Receivables**

| | | |
|---|---|---|
| Non- Exchange Receivables with Arrangements - At Amortised Cost: | | |
| Rates | 358 504 | 479 809 |
| Less: Current Portion transferred to Receivables from Exchange Transactions | (161 457) | (180 048) |
| Less: Provision for Debt Impairment | (139 090) | (221 139) |
| **Total Non-Current Receivables from Exchange Transactions** | **57 957** | **78 622** |
| Exchange Receivables with Arrangements - At Amortised Cost: | | |
| Electricity | 444 003 | 588 818 |
| Water | 1 150 587 | 1 282 976 |
| Refuse | 795 385 | 899 861 |
| Sewerage | 1 114 456 | 1 247 460 |
| Rentals | 13 192 | 11 055 |
| Sundry Receivables | 555 714 | 315 493 |
| | 4 073 337 | 4 345 663 |
| Less: Current Portion transferred to Receivables from Exchange Transactions | (1 834 480) | (1 656 985) |
| | 2 238 857 | 2 688 679 |
| Less: Provision for Debt Impairment | (1 461 655) | (2 339 196) |
| **Total Non-Current Receivables from Exchange Transactions** | **777 202** | **349 482** |

**TRADING SERVICE DEBTORS**

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 48 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.



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## 13. CONSUMER DEPOSITS

| | 2023 R | 2022 R |
|---|---|---|
| Electricity | 733 074 | 691 409 |
| Water | 455 617 | 393 434 |
| Other Deposits:- | 3 094 302 | 2 765 746 |
| - Building Plans | 2 691 950 | 2 540 650 |
| - Posters | (18 854) | (18 854) |
| - Rental Properties | 269 707 | 243 950 |
| - Wayleave | 151 500 | - |
| **Total Consumer Deposits** | **4 282 993** | **3 850 589** |

### 13.1 Allocation for Cash Flow

| | | |
|---|---|---|
| **Service Charges:-** | | |
| Consumer Deposits:Trading Services - Opening Balance | (1 084 843) | (952 415) |
| Consumer Deposits: Trading Services - Closing Balance | 1 188 691 | 1 084 843 |
| Total Consumer Deposits allocated to Service Charges | 103 848 | 132 428 |
| **Other Receipts:-** | | |
| Consumer Deposits: Other Services - Opening Balance | (2 765 746) | (2 234 432) |
| Consumer Deposits: Other Services - Closing Balance | 3 094 302 | 2 765 746 |
| Total Consumer Deposits allocated to Other Receipts | 328 557 | 531 313 |
| **Total Consumer Deposits allocated to Cash Flow** | **432 405** | **663 741** |

**Consumer Deposits - Electricity and Water**

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

**Consumer Deposits - Building Plans**

Deposits for building plans are paid when such plans are submitted. These deposits are held until completion of the building and paid out when a final occupancy certificate are issued.

**Consumer Deposits - Posters**

Deposits are paid for posters displayed. Deposits are forfeited when posters are not removed.

**Consumer Deposits - Rental Properties**

Deposits are paid for the rental of properties. Deposits will not be repaid in the case of outstanding rent or in the case of property being damaged.

No interest is paid on Consumer Deposits held.

## 14. PAYABLES FROM EXCHANGE TRANSACTIONS

| | | |
|---|---|---|
| Other Payables | 1 841 093 | 1 725 001 |
| Accrued Interest | 468 858 | 504 118 |
| Control, Clearing and Interface Accounts | 1 192 738 | 1 071 553 |
| Unallocated Deposits | 179 497 | 149 331 |
| Retentions | 1 249 738 | 2 113 683 |
| Trade Creditors | 31 303 179 | 52 815 596 |
| Payables and Accruals | 31 303 179 | 52 815 596 |
| Advance Payments | 2 612 683 | 1 862 629 |
| **Total Payables from Exchange Transactions** | **37 006 693** | **58 516 910** |



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| 14.1 Allocation for Cash Flow | 2023<br>R | 2022<br>R |
|---|---|---|
| **Service Charges:-** | | |
| Advance Payments | 750 054 | (57 560) |
| Control, Clearing and Interface Accounts: Prepaid Electricity | - | (32 256) |
| Total Payables from Exchange Transactions allocated to Service Charges | **750 054** | **(89 816)** |
| **Other Receipts:-** | | |
| Control, Clearing and Interface Accounts: Licensing and Registration | 62 630 | (88 785) |
| Unallocated Deposits | 30 167 | (2 235 023) |
| Total Payables from Exchange Transactions allocated to Other Receipts | **92 796** | **(2 323 808)** |
| **Employee Related Costs:-** | | |
| Control, Clearing and Interface Accounts: Salary Clearing and Control | 66 493 | 472 529 |
| Total Payables from Exchange Transactions allocated to Employee Related Costs | **66 493** | **472 529** |
| **External Interest and Dividends Paid:-** | | |
| Accrued Interest | (35 260) | (72 267) |
| Total Payables from Exchange Transactions allocated to External Interest and Dividends Paid | **(35 260)** | **(72 267)** |
| **Suppliers Paid:-** | | |
| Auditor-General of South Africa | - | 22 911 |
| Payables and Accruals | (21 512 417) | 25 713 465 |
| Retentions | (863 945) | 1 852 463 |
| Total Payables from Exchange Transactions allocated to Suppliers Paid | **(22 376 362)** | **27 588 839** |
| **Suppliers Paid:-** | | |
| Control, Clearing and Interface Accounts: Cash and Bank | (7 938) | 3 987 |
| Total Payables from Exchange Transactions allocated to Suppliers Paid | **(7 938)** | **3 987** |
| **Adjustment for Accruals at Year-end:-** | | |
| Suppliers Paid | - | - |
| Total Payables from Exchange Transactions allocated to Suppliers Paid | **-** | **-** |
| **Total Payables from Exchange Transactions allocated to Cash Flow** | **(21 510 217)** | **25 579 465** |

The average credit period on purchases is 54 (2022: 77) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

## 15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

| | 2023<br>R | 2022<br>R |
|---|---|---|
| Departmental Agencies and Accounts | 633 418 | - |
| District Municipalities | 72 578 | 2 578 |
| National Government | 10 608 155 | 2 571 276 |
| Provincial Government | 9 080 533 | 11 745 490 |
| **Total Unspent Conditional Grants and Receipts** | **20 394 684** | **14 319 344** |
| **Transfers and Subsidies:-** | | |
| Unspent Conditional Grants and Receipts - Opening Balance | (14 319 344) | (31 836 718) |
| Unspent Conditional Grants and Receipts - Closing Balance | 20 394 684 | 14 319 344 |
| Total Unspent Conditional Grants and Receipts allocated to Transfers and Subsidies | **6 075 339** | **(17 517 373)** |
| **Total Unspent Conditional Grants and Receipts allocated to Cash Flow** | **6 075 339** | **(17 517 373)** |

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 25 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.



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## 16. LEASE PAYABLES

| | 2023 R | 2022 R |
|---|---|---|
| Current Lease Payables: | 377 953 | 9 046 |
| Operating Lease Payables | 16 437 | 9 046 |
| Finance Lease Payables | 361 517 | - |
| Non-current Lease Payables | 616 524 | - |
| Operating Lease Payables | - | - |
| Finance Lease Payables | 616 524 | - |
| **Total Lease Payables** | **994 477** | **9 046** |

### 16.1 Operating Lease Payables

| | | |
|---|---|---|
| Balance at beginning of year | 9 046 | 10 263 |
| Operating Lease Expenses recorded | 36 891 | 5 978 |
| Operating Lease Payments effected | (29 500) | (7 195) |
| **Total Operating Lease Liabilities** | **16 437** | **9 046** |

### 16.1.1 Allocation for Cash Flow

| | | |
|---|---|---|
| **Suppliers Paid:-** | | |
| Operating Lease Payables - Opening Balance | (9 046) | (10 263) |
| Operating Lease Payables - Closing Balance | 16 437 | 9 046 |
| Total Operating Lease Payables allocated to Suppliers Paid | 7 391 | (1 217) |
| **Total Operating Lease Payables allocated to Cash Flow** | **7 391** | **(1 217)** |

### 16.1.2 Leasing Arrangements

**The Municipality as Lessee:**

Operating Leases relate to Land and Buildings with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

### 16.1.3 Amounts Payable under Operating Leases

| | 2023 R | 2022 R |
|---|---|---|
| At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows: | | |
| **Buildings:** | 498 206 | 814 507 |
| Up to 1 year | 291 274 | 316 301 |
| 2 to 5 years | 206 932 | 498 206 |
| More than 5 years | - | - |
| **Total Operating Lease Arrangements** | **498 206** | **814 507** |

The following payments have been recognised as an expense in the Statement of Financial Performance:

| | | |
|---|---|---|
| Minimum lease payments | 36 891 | 5 978 |
| **Total Operating Lease Expenses** | **36 891** | **5 978** |
| - Buildings | | |

### 16.2 Finance Lease Payables

| | | |
|---|---|---|
| Finance Lease Liability | 978 040 | - |
| Less: Current Portion transferred to Current Lease Payables:- | (361 517) | - |
| **Non-Current Portion of Finance Lease Payables** | **616 524** | **-** |



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| 16.2.1 Allocation for Cash Flow | 2023 | 2022 |
|---|---|---|
| | R | R |
| **16.2.1.1 Current Portion:-** | | |
| **Movement in Current Portion of Finance Lease Payables:-** | | |
| Opening Balance | - | - |
| Closing Balance | 361 517 | - |
| Total Movement in Current Portion of Finance Lease Payables | 361 517 | - |
| Adjustment for Non-cash Transactions: | (361 517) | - |
| - Transfer from Non-current Finance Lease Payables | (361 517) | - |
| Total Current Portion allocated to Repayment of Borrowings | - | - |
| **16.2.1.2 Non-current Portion:-** | | |
| **Movement in Non-current Finance Lease Payables:-** | | |
| Non-current Finance Lease Payables - Opening Balance | - | - |
| Non-current Finance Lease Payables - Closing Balance | 616 524 | - |
| Total Movement in Non-current Finance Lease Payables | 616 524 | - |
| Adjustment for Non-cash Transactions: | (786 067) | - |
| - Transfer to Current Portion of Finance Lease Payables | 361 517 | - |
| - Assets Financed | (1 147 584) | - |
| Total Non-current Finance Lease Payables allocated to Repayment of Borrowings | (169 543) | - |
| **Total Non-current Finance Lease Payables allocated to Cash Flow** | (169 543) | - |

**16.2.2 Obligations under Leases**

**The Municipality as Lessee:**

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

| **The obligations under Finance Leases are as follows:** | **Future Minimum Finance Lease Payments** | | **Present Value of Minimum Lease Payments** | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Amounts payable under borrowings:** | **R** | **R** | **R** | **R** |
| Within one year | 448 718 | - | 361 517 | - |
| In the second to fifth years, inclusive | 670 451 | - | 616 524 | - |
| Over five years | - | - | - | - |
| | 1 119 168 | - | 978 040 | - |
| Less: Future Finance Obligations | | | | |
| Within one year | 87 201 | - | | |
| In the second to fifth years, inclusive | 53 927 | - | | |
| Over five years | | | | |
| **Present Value of Minimum Lease Obligations** | **978 040** | **-** | **978 040** | **-** |

## 17. BORROWINGS

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| **Long-Term Borrowings** | 28 218 504 | 21 988 827 |
| Annuity Loans | 28 218 504 | 21 988 827 |
| **Less: Current Portion transferred to Current Borrowings:-** | 4 230 703 | 3 023 249 |
| Annuity Loans | 4 230 703 | 3 023 249 |
| **Non-Current Portion of Borrowings** | **23 987 800** | **18 965 578** |



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| 17.1 Allocation for Cash Flow | 2023 R | 2022 R |
|---|---|---|
| **17.1.1 Current Portion:-** | | |
| **Movement in Current Portion of Borrowings:-** | | |
| Current Portion of Borrowings - Opening Balance | (3 023 249) | (2 778 768) |
| Current Portion of Borrowings - Closing Balance | 4 230 703 | 3 023 249 |
| Total Movement in Current Portion of Borrowings | 1 207 454 | 244 481 |
| Adjustment for Non-cash Transactions: | (1 207 454) | (244 481) |
| - Transfer from Non-current Borowings | (1 207 454) | (244 481) |
| Total Current Portion allocated to Repayment of Borrowings | - | - |
| **17.1.2 Non-current Portion:-** | | |
| **Movement in Non-current Borrowings:-** | | |
| Non-current Borrowings - Opening Balance | (18 965 578) | (21 998 726) |
| Non-current Borrowings - Closing Balance | 23 987 800 | 18 965 578 |
| Total Movement in Non-current Borrowings | 5 022 223 | (3 033 148) |
| Adjustment for Non-cash Transactions: | 1 039 345 | 244 481 |
| - Transfer to Current Portion of Long-term Liabilities | 1 207 454 | 244 481 |
| - Interest Capitalised | (168 110) | - |
| Proceeds from Borrowings | (9 700 000) | - |
| Total Non-current Long-term Liabilities allocated to Repayment of Borrowings | (3 638 433) | (2 788 667) |
| **Total Long-term Liabilities allocated to Cash Flow** | **6 229 677** | **(2 788 667)** |

**17.2 Summary of Arrangements**

Unsecured annuity loans at amortised cost consist of 5 contracts with DBSA, with interest rates between 8,89% and 12,20%, with maturity dates between 2024 and 2030.

An unsecured loan from ABSA - A principle amount of R6 595 800 at a fixed interest rate of 9% (capitalised monthly) and a maturity date of 2025.

At the Reporting Date the obligations under Annuity Loans were as follows:

| | | |
|---|---|---|
| Up to 1 year | 6 015 077 | 5 373 656 |
| 2 to 5 years | 20 072 891 | 16 759 747 |
| More than 5 years | 17 000 036 | 10 226 110 |
| | 43 088 004 | 32 359 513 |
| Less: Future Finance Obligations | (14 918 656) | (10 368 780) |
| **Present value of Annuity Loan Obligations** | **28 169 348** | **21 990 733** |

## 18. EMPLOYEE BENEFIT LIABILITIES

| | | |
|---|---|---|
| **Employee Benefit Liabilities** | 49 031 924 | 49 169 500 |
| Bonus | 3 185 989 | 3 329 490 |
| Leave | 8 790 935 | 8 511 010 |
| Post-retirement Health Care Benefits Liability | 30 590 000 | 30 974 000 |
| Long Service Awards Liability | 6 465 000 | 6 355 000 |
| **Less: Current Portion of Employee Benefit Liabilities** | 13 976 924 | 13 543 500 |
| Bonus | 3 185 989 | 3 329 490 |
| Leave | 8 790 935 | 8 511 010 |
| Post-retirement Health Care Benefits Liability | 1 128 000 | 1 005 000 |
| Long Service Awards Liability | 872 000 | 698 000 |
| **Non-Current Portion of Employee Benefit Liabilities** | **35 055 000** | **35 626 000** |



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| 18.1 Allocation for Cash Flow | 2023<br>R | 2022<br>R |
|---|---|---|
| **18.1.1 Current Portion** | | |
| **Liabilities at Beginning of Year** | **13 543 500** | **14 674 908** |
| **Movement in Non-cash Transactions:-** | | |
| Bonus | 623 114 | 6 563 441 |
| Leave | 279 925 | (287 464) |
| Defined Benefit Obligations | 123 000 | (46 000) |
| Long Service Awards Liability | 653 126 | 164 448 |
| Total Provisions allocated to Non-cash Transactions | 1 679 165 | 6 394 425 |
| **Movement in Employee Related Costs:-** | | |
| Reductions (Outflow of Economic Benefits) | (1 245 741) | (7 525 833) |
| Total Provisions allocated to Employee Related Costs | (1 245 741) | (7 525 833) |
| **Liabilities at End of Year** | **13 976 924** | **13 543 500** |
| **18.1.2 Non-current Portion** | | |
| **Employee Benefit Liabilities at Beginning of Year** | **35 626 000** | **34 070 000** |
| **Movement in Non-cash Transactions:-** | | |
| Long-service Awards | (64 000) | 190 000 |
| Post Retirement Health Care | 512 458 | 2 324 632 |
| Total Employee Benefit Liabilities allocated to Non-cash Transactions | 448 458 | 2 514 632 |
| **Movement in Employee Related Costs:-** | | |
| Actual Benefit Payments | (1 019 458) | (958 632) |
| Total Employee Benefit Liabilities allocated to Employee Related Costs | (1 019 458) | (958 632) |
| **Employee Benefit Liabilities at End of Year** | **35 055 000** | **35 626 000** |

**18.2 Current Portion of Employee Benefit Liabilities**

| 30 June 2023 | Bonus Provision<br>R | Leave Provision<br>R |
|---|---|---|
| Opening Balance | 3 329 490 | 8 511 010 |
| Increases | 723 825 | 279 925 |
| Payments Made | (766 615) | - |
| Reversals | (100 711) | - |
| **Balance at end of year** | **3 185 989** | **8 790 935** |
| **30 June 2022** | | |
| Opening Balance | 3 212 495 | 8 798 474 |
| Increases | 6 563 441 | (287 464) |
| Payments Made | (6 446 447) | - |
| **Balance at end of year** | **3 329 490** | **8 511 010** |

**Bonus Provision:** Staff bonuses accrued to employees according to the standard contract of employment. Provision is made for the full cost of accrued bonuses at reporting date. This provision will be realised when bonuses are paid during November of the next year.

**Leave Provision:** Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.



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| 18.2 Current Portion of Employee Benefit Liabilities (Continue) | Post Retirement Health Care | Long-term Service |
|---|---|---|
| | R | R |
| **30 June 2023** | | |
| Opening Balance | 1 005 000 | 698 000 |
| Increases | - | 653 126 |
| Current service cost | 123 000 | - |
| Actual employer benefit payments | - | (479 126) |
| Other Reductions | - | - |
| **Balance at end of year** | **1 128 000** | **872 000** |

| 30 June 2022 | Post Retirement Health Care | Long-term Service |
|---|---|---|
| | R | R |
| Opening Balance | 1 051 000 | 1 650 000 |
| Increases | - | 164 448 |
| Current service cost | (46 000) | - |
| Actual employer benefit payments | - | (1 116 448) |
| Other Reductions | - | - |
| Reversals | - | - |
| **Balance at end of year** | **1 005 000** | **698 000** |

| 18.3 Non-current Portion of Employee Benefit Liabilities | 2023 | 2022 |
|---|---|---|
| | R | R |
| **18.3.1 Post-retirement Benefit Liabilities** | | |
| **18.3.1.1 Post-retirement Health Care Benefits Liability** | | |
| Opening Balance | 30 974 000 | 29 654 000 |
| Interest Cost | 3 609 000 | 2 952 000 |
| Current Service Cost | 1 518 000 | 1 438 000 |
| Actual Employer Benefit Payments | (1 019 458) | (958 632) |
| Actuarial Loss/ (Gain) recognised in the year | (4 491 542) | (2 111 368) |
| Balance at end of Year | 30 590 000 | 30 974 000 |
| Transfer to Current Provisions | 1 128 000 | 1 005 000 |
| **Total Post-retirement Health Care Benefits Liability** | **29 462 000** | **29 969 000** |

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

Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement. Employees employed after 20 January 2009 will only be considered for a post-employment subsidy if they have completed at least 15 years of service at retirement.

Continuation members and their eligible dependants receive a 70% subsidy. The post-employment subsidies are not limited to any maximum subsidy.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. The minimum service condition mentioned above does not apply to the death in service benefit. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.



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| The members of the Post-employment Health Care Benefit Plan are made up as follows: | 2023 | 2022 |
|---|---|---|
| In-service Members (Employees) | 208 | 200 |
| In-service Non-members (Employees) | 40 | 45 |
| Continuation Members (Retirees, widowers and orphans) | 22 | 21 |
| **Total Members** | **270** | **266** |

| The liability in respect of past service has been estimated as follows: | 2023<br>R | 2022<br>R |
|---|---|---|
| In-service Members | 16 763 000 | 17 591 000 |
| In-service Non-members | 1 619 000 | 1 761 000 |
| Continuation Members | 12 208 000 | 11 622 000 |
| **Total Liability** | **30 590 000** | **30 974 000** |

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed
- Sizwe Hosmed

The Current-service Cost for the year ending 30 June 2023 is estimated to be R1 518 000, whereas the cost for the ensuing year is estimated to be R1 401 000 (30 June 2022: R1 438 000 and R1 518 000 respectively).

| **The principal assumptions used for the purposes of the actuarial valuations were as follows:** | 2023 | 2022 |
|---|---|---|
| Discount Rate | 12.53% | 11.84% |
| Health Care Cost Inflation Rate | 8.13% | 8.45% |
| Net Effective Discount Rate | 4.07% | 3.13% |
| Expected Retirement Age - Females | 59 | 59 |
| Expected Retirement Age - Males | 62 | 62 |

General:

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

Continuation of Membership:

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

Family Profile:

It has been assumed that female spouses will be four years younger than their male counterparts. Furthermore, it has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependant. For current retiree members, actual subsidised spouse dependants were used and the potential for remarriage was ignored.

Discount Rate:

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

Consequently, a discount rate of 12.53% per annum has been used. The corresponding index-linked yield at this term is 5.06%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023.



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| **Movements in the present value of the Defined Benefit Obligation were as follows:** | **2023** | **2022** |
|---|---|---|
| | **R** | **R** |
| Opening Balance | 30 974 000 | 29 654 000 |
| Interest Cost | 3 609 000 | 2 952 000 |
| Current Service Cost | 1 518 000 | 1 438 000 |
| Benefits Paid | (1 019 458) | (958 632) |
| Actuarial Losses / (Gains) | (4 491 542) | (2 111 368) |
| **Total Recognised Benefit Liability** | **30 590 000** | **30 974 000** |
| Present Value of Fund Obligations | 30 590 000 | 30 974 000 |
| **Total Benefit Liability** | **30 590 000** | **30 974 000** |
| **The amounts recognised in the Statement of Financial Performance are as follows:** | | |
| Current service cost | 1 518 000 | 2 952 000 |
| Interest cost | 3 609 000 | 1 438 000 |
| Actuarial losses / (gains) | (4 491 542) | (2 111 368) |
| Total Post-retirement Benefit included in Employee Related Costs (Note 33.) and Gains and other operations under (Note 44) | **635 458** | **2 278 632** |

| **The history of fair values are as** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| | **R** | **R** | **R** | **R** | **R** |
| Present Value of Defined Benefit Obligation | 30 590 000 | 30 974 000 | 29 654 000 | 24 660 000 | 26 125 000 |
| **Deficit** | **30 590 000** | **30 974 000** | **29 654 000** | **24 660 000** | **26 125 000** |
| Experienced adjustments on Plan Liabilities | 131 000 | (1 932 000) | (472 000) | 1 308 000 | (928 000) |

| The effect of a 1% movement in the assumed rate of health care cost inflation is as follows: | **2023** | **2022** |
|---|---|---|
| | **R** | **R** |
| **Increase:** | | |
| Effect on the aggregate of the current service cost and the interest cost | 982 000 | 863 000 |
| Effect on the defined benefit obligation | 4 680 000 | 5 164 000 |
| **Decrease:** | | |
| Effect on the aggregate of the current service cost and the interest cost | (781 000) | (681 000) |
| Effect on the defined benefit obligation | (3 826 000) | (4 172 000) |

The municipality expects to make a contribution of R1 401 000 (2022: R1 518 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 53, "Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

| **18.3.1.2 Long Service Awards Liability** | **2023** | **2022** |
|---|---|---|
| | **R** | **R** |
| Opening Balance | 6 355 000 | 7 117 000 |
| Increases | 515 000 | 528 000 |
| Payments Made | (479 126) | (1 116 448) |
| Other Reductions | (588 874) | (740 552) |
| Increases (Passage of Time/Discounted Rate) | 663 000 | 567 000 |
| Balance at end of Year | 6 465 000 | 6 355 000 |
| Transfer to Current Provisions | 872 000 | 698 000 |
| **Total Long Service Awards Liability** | **5 593 000** | **5 657 000** |



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The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 255 (2022: 253) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2023 is estimated to be R515 000, whereas the cost for the ensuing year is estimated to be R517 000 (30 June 2022: R528 000 and R515 000 respectively).

| **The principal assumptions used for the purposes of the actuarial valuations were as follows:** | **2023** | **2022** |
|---|---|---|
| Discount Rate | 11.26% | 11.03% |
| Cost Inflation Rate | 6.54% | 7.33% |
| Net Effective Discount Rate | 4.43% | 3.45% |
| Expected Retirement Age - Females | 59 | 59 |
| Expected Retirement Age - Males | 62 | 62 |

General:

It is assumed that the Municipality's long service arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits would remain unchanged, with the exception of inflationary adjustments.

Discount Rate:

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

Consequently, a discount rate of 11.26% per annum has been used. The corresponding liability-weighted index-linked yield is 4.94%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process. The duration of the total liability was estimated to be 9 years.

| **Movements in the present value of the Defined Benefit Obligation were as follows:** | **2023** | **2022** |
|---|---|---|
| | **R** | **R** |
| Opening Balance | 6 355 000 | 7 117 000 |
| Interest Cost | 663 000 | 567 000 |
| Current Service Cost | 515 000 | 528 000 |
| Benefits Paid | (479 126) | (1 116 448) |
| Actuarial Losses / (Gains) | (588 874) | (740 552) |
| **Total Recognised Benefit Liability** | **6 465 000** | **6 355 000** |
| **The amounts recognised in the Statement of Financial Position are as follows:** | | |
| Present value of fund obligations | 6 465 000 | 6 355 000 |
| **Total Benefit Liability** | **6 465 000** | **6 355 000** |
| **The amounts recognised in the Statement of Financial Performance are as follows:** | | |
| Current service cost | 515 000 | 528 000 |
| Interest cost | 663 000 | 567 000 |
| Actuarial losses / (gains) | (588 874) | (740 552) |
| Total Post-retirement Benefit included in Employee Related Costs (Note 33.) and Gains and other operations (Note 44) | **589 126** | **354 448** |



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| The history of experienced adjustments is as follows: | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| | R | R | R | R | R |
| Present Value of Defined Benefit Obligation | 6 465 000 | 6 355 000 | 7 117 000 | 6 700 000 | 5 921 000 |
| **Deficit** | **6 465 000** | **6 355 000** | **7 117 000** | **6 700 000** | **5 921 000** |
| Experienced adjustments on Plan Liabilities | (227 874) | (534 552) | (221 253) | 431 643 | 297 838 |

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| **Increase:** | | |
| Effect on the aggregate of the current service cost and the interest cost | 82 000 | 74 000 |
| Effect on the defined benefit obligation | 349 000 | 369 000 |
| **Decrease:** | | |
| Effect on the aggregate of the current service cost and the interest cost | (73 000) | (68 000) |
| Effect on the defined benefit obligation | (320 000) | (338 000) |

The municipality expects to make a contribution of R872 000 (2022: R515 000) to the defined benefit plans during the next financial year.

## 19. PROVISIONS

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| Current Provisions | - | - |
| Non-current Provisions | 59 787 173 | 49 785 187 |
| **Total Provisions** | **59 787 173** | **49 785 187** |

### 19.1 Non-current Provisions

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| Decommissioning, Restoration and Similar Liabilities: Landfill Sites | 59 787 173 | 49 785 187 |
| **Total Non-current Provisions** | **59 787 173** | **49 785 187** |

#### 19.1.1 Allocation for Cash Flow

| | | |
|---|---|---|
| **Non-current Provisions at Beginning of Year** | **49 785 187** | **45 316 422** |
| Decommissioning, Restoration and Similar Liabilities | 49 785 187 | 45 316 422 |
| **Movement in Non-cash Transactions:-** | | |
| Decommissioning, Restoration and Similar Liabilities | 10 001 986 | 4 468 765 |
| Increases | 10 001 986 | 4 468 765 |
| Total Non-current Provisions allocated to Non-cash Transactions | 10 001 986 | 4 468 765 |
| **Non-current Provisions at End of Year** | **59 787 173** | **49 785 187** |

**The movement in Non-current Provisions are reconciled as follows:**

**Decommissioning of Landfill Sites:**

| | | |
|---|---|---|
| Opening Balance | 49 785 187 | 45 316 422 |
| Total Increases, incl Passage of Time | 10 001 986 | 4 468 765 |
| Increases (Passage of Time/Discounted Rate) | 5 507 238 | 2 461 539 |
| iGRAP 2 adjustments - change in estimate | 4 494 749 | 2 007 225 |
| | **59 787 173** | **49 785 187** |



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**Decommissioning, Restoration and Similar Liabilities: Landfill Sites**
Landfill site decomissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average investing rate based on Government Bond Yield Rates of 11.630%

**19.2 Rehabilitation of Land-fill Sites**

In terms of the licencing of the landfill refuse site, the Municipality will incur licensing and rehabilitation costs of R69 452 449 (2022:R64 829 226) to restore the site at the end of its useful live. Provision has been made for the net present value of the future cost, using the average bond yield interest rate.

| | Proposed Date of Rehabilitation | 2023 | 2022 |
|---|---|---|---|
| | | R | R |
| Barrydale Landfill | 2023/24 | 7 438 105 | 10 386 555 |
| Infanta Landfill | 2037/38 | 11 136 598 | 8 170 593 |
| Malagas Landfill | 2023/24 | 10 547 636 | 4 630 708 |
| Suurbraak Landfill | 2023/24 | 2 190 856 | 5 231 222 |
| Swellendam Landfill | 2025/26 | 38 139 254 | 36 410 147 |
| | | **69 452 449** | **64 829 226** |



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## 20. RESERVES

| | 2023 R | 2022 R |
|---|---|---|
| Capital Replacement Reserve | 25 072 000 | 12 000 000 |
| **Total Reserves** | **25 072 000** | **12 000 000** |

### 20.1 Allocation for Cash Flow

| | | |
|---|---|---|
| **Reserves at Beginning of Year** | **12 000 000** | **14 000 000** |
| **Movement in Non-cash Transactions:-** | | |
| Appropriation of Reserves | 17 380 740 | 11 215 467 |
| Expenditure Appropriated | - 4 308 740 | - 13 215 467 |
| Total Reserves allocated to Non-cash Transactions | 13 072 000 | - 2 000 000 |
| **Reserves at End of Year** | **25 072 000** | **12 000 000** |

### 20.2 Capital Replacement Reserve

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

**Reconciliation of the Capital Replacement Reserve:**

| | | |
|---|---|---|
| Opening Balance | 12 000 000 | 14 000 000 |
| Purchases | (4 308 740) | (13 215 467) |
| Transfers to/from Accumulated Surplus | 17 380 740 | 11 215 467 |
| Transfers to/from Reserves | - | - |
| **Balance at end of year** | **25 072 000** | **12 000 000** |

## 21. ACCUMULATED SURPLUS

| | | |
|---|---|---|
| Accumulated Surplus / (Deficit) due to the results of Operations | 461 369 734 | 422 082 194 |
| **Total Accumulated Surplus** | **461 369 734** | **422 082 194** |

### 21.1 Allocation for Cash Flow

| | | |
|---|---|---|
| **Accumulated Surplus at Beginning of Year** | **422 082 194** | **335 275 370** |
| **Movement in Non-cash Transactions:-** | | |
| Appropriations | (13 072 000) | 2 000 000 |
| Total Accumulated Surplus allocated to Non-cash Transactions | (13 072 000) | 2 000 000 |
| **Surplus / (Deficit):-** | | |
| Deficit as per Financial Performance | 52 359 540 | 84 806 824 |
| Total Accumulated Surplus allocated to Surplus / (Deficit) | 52 359 540 | 84 806 824 |
| **Accumulated Surplus at End of Year** | **461 369 734** | **422 082 194** |

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.



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## 22. PROPERTY RATES

| | Actual Valuations | | Actual Levies | |
|---|---|---|---|---|
| | July 2023 | July 2022 | July 2023 | July 2022 |
| Net Property Rates Levies: | 8 575 830 154 | 8 544 890 154 | 50 115 614 | 45 860 086 |
| Agricultural Properties | 3 722 803 501 | 3 723 183 501 | 9 587 781 | 8 906 673 |
| Industrial Properties | 139 968 000 | 139 558 000 | 1 432 176 | 1 362 859 |
| Business and Commercial Properties | 573 808 201 | 687 659 201 | 5 701 234 | 5 264 142 |
| Municipal Properties | 152 906 551 | 150 717 551 | - | - |
| Protected Areas | 151 000 000 | 16 400 000 | - | - |
| Public Benefit Organisations | 36 163 000 | 36 163 000 | 79 669 | 60 261 |
| Public Service Infrastructure Properties | 5 735 300 | 24 232 300 | - | - |
| Public Service Purposes Properties | 196 180 000 | 177 680 000 | 2 232 363 | 1 651 402 |
| Public Worship | 75 430 000 | 75 420 000 | | |
| Residential Properties | 3 278 267 101 | 3 264 698 101 | 28 519 579 | 26 136 256 |
| Vacant Land | 243 568 500 | 249 178 500 | 2 562 812 | 2 478 492 |

| **Propert Rates** | | **2023** | **2022** |
|---|---|---|---|
| | | **R** | **R** |
| Property Rates Levies | | 55 676 255 | 50 136 580 |
| Rates Rebates | | (5 560 641) | (4 276 494) |
| **Total Property Rates** | | **50 115 614** | **45 860 086** |
| **22.1 Allocation for Cash Flow:** | | | |
| Total Property Rates | | 50 115 614 | 45 860 086 |
| Adjustment for Non-cash Transactions:- | | - | - |
| **Total Property Rates allocated to Cash Flow** | | **50 115 614** | **45 860 086** |
| **22.2 Calculation of Cash Flow:** | | | |
| Property Rates Income | Note 22.1 | 50 115 614 | 45 860 086 |
| Non-exchange Interest Earned | Note 31.1 | 325 152 | 204 529 |
| Cash Flow from Non-exchange Receivables | Note 5.1 | (1 174 795) | (833 697) |
| Amounts Written-off as Uncollectable | Note 5.4.1 | - | - |
| **Total Receipts for Property Rates** | | **49 265 971** | **45 230 919** |

Assessment Rates are levied on the value of land and improvements, of which the valuation is performed every 5 years. The last valuation came into effect on 1 July 2018.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base, due mostly to private development.

| An general rate is applied as follows to property valuations to determine property rates: | **R** | **R** |
|---|---|---|
| Agricultural Properties | 0,00259 | 0,00240 |
| Business and Commercial Properties | 0,01040 | 0,00963 |
| Industrial Properties | 0,01040 | 0,00963 |
| Public Benefit Organisation | 0,00259 | 0,00240 |
| Public Service Purposes Infrastructure | 0,00000 | 0,00000 |
| Public Service Purposes Properties | 0,01040 | 0,00963 |
| Residential Properties | 0,01036 | 0,00959 |
| Vacant Properties | 0,01036 | 0,00959 |

Rates are levied annually and monthly. Monthly rates are payable by the 28th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding amounts.

Rebates can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been forgone by way of rebates. It also includes rebates granted on the first R15 000 impermissable exemption as per section 17 of the Municipal Property Rates Act.



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## 23. FINES, PENALTIES AND FORFEITS

| | | 2023 R | 2022 R |
|---|---|---|---|
| Traffic Fines: | | 42 111 095 | 45 000 080 |
| Court Fines | | 14 610 335 | 19 494 165 |
| Municipal | | 27 500 760 | 25 505 915 |
| Other Fines: | | 290 543 | 84 998 |
| Illegal Connections | | 275 369 | 59 438 |
| Overdue Books Fine | | 4 588 | 5 754 |
| Pound Fees | | 10 586 | 19 806 |
| Forfeits | | 112 163 | 193 993 |
| Unclaimed Money | | 112 163 | 193 993 |
| Penalties | | - | - |
| **Total Fines, Penalties and Forfeits** | | **42 513 801** | **45 279 071** |
| **23.1 Allocation for Cash Flow:** | | | |
| Total Fines, Penalties and Forfeits | | 42 513 801 | 45 279 071 |
| Adjustment for Non-cash Transactions:- | | 689 740 | - |
| Trafffic Fines: Withdrawals | | 689 740 | - |
| **Total Fines, Penalties and Forfeits allocated to Other Receipts** | | **43 203 541** | **45 279 071** |
| **23.2 Calculation of Cash Flow:** | | | |
| Fines, Penalties and Forfeits Income | | 43 203 541 | 45 279 071 |
| Cash Flow from Non-exchange Receivables | Note 5.1 | (34 646 891) | (35 169 639) |
| Amounts Written-off as Uncollectable | | | |
| **Total Receipts for Fines, Penalties and Forfeits** | | **8 556 649** | **10 109 432** |

## 24. LICENCES AND PERMITS

| | | |
|---|---|---|
| **Exchange Transactions** | | |
| Road and Transport: | 1 256 419 | 1 247 086 |
| Drivers Licence Application/Duplicate Drivers Licences | 450 068 | 417 150 |
| Drivers Licence Certificate | 393 120 | 396 620 |
| Instructor Certificate | 957 | 792 |
| Learner Licence Application | 63 199 | 69 389 |
| Learners Certificate | 19 503 | 22 341 |
| Motor Vehicle Licence | 329 572 | 311 914 |
| Operators and Public Drivers Permits | - | 28 880 |
| Trading | 43 472 | 38 744 |
| **Total Licences and Permits** | **1 299 891** | **1 285 830** |
| **24.1 Allocation for Cash Flow:** | | |
| Total Licences and Permits | 1 299 891 | 1 285 830 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Licences and Permits allocated to Other Receipts** | **1 299 891** | **1 285 830** |

## 25. TRANSFERS AND SUBSIDIES RECEIVED

| | | |
|---|---|---|
| **Capital Grants** | 47 883 487 | 81 646 977 |
| Allocations In-kind | - | - |
| Monetary Allocations | 47 883 487 | 81 646 977 |
| **Operational Grants** | 55 888 537 | 64 605 815 |
| Allocations In-kind | - | - |
| Monetary Allocations | 55 888 537 | 64 605 815 |
| **Total Transfers and Subsidies Received** | **103 772 024** | **146 252 792** |



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| | | 2023 | 2022 |
|---|---|---|---|
| **25.1 Allocation for Cash Flow:** | | **R** | **R** |
| Total Transfers and Subsidies Received | | 103 772 024 | 146 252 792 |
| Adjustment for Non-cash Transactions: | | - | - |
| **Total Transfers and Subsidies Received allocated to Cash Flow** | | **103 772 024** | **146 252 792** |
| **25.2 Calculation of Cash Flow:** | | | |
| Government Grants and Subsidies Income | Note 25.1 | 103 772 024 | 146 252 792 |
| Cash Flow from Unspent Government Grants | Note 15.1 | 6 075 339 | (17 517 373) |
| **Total Receipts for Government Grants and Subsidies** | | **109 847 363** | **128 735 419** |
| **25.3 Summary of Grants:** | | | |
| **25.3.1 Capital Grants** | | **Monetary Allocations** | |
| District Municipalities | | 497 730 | 42 058 |
| National Governments | | 16 769 336 | 31 025 789 |
| Provincial Government | | 30 616 421 | 50 579 130 |
| **Total Capital Grants Received** | | **47 883 487** | **81 646 977** |
| **25.3.2 Operational Grants** | | **Monetary Allocations** | |
| District Municipalities | | 71 659 | 45 364 |
| National Governments | | 6 382 650 | 9 702 897 |
| National Revenue Fund | | 39 675 000 | 36 859 357 |
| Provincial Government | | 9 759 227 | 17 998 196 |
| **Total Operational Grants Received** | | **55 888 537** | **64 605 815** |
| **Total Transfers and Subsidies Received** | | **103 772 024** | **146 252 792** |
| **25.3.3 Equitable Share** | | | |
| Unspent Balance at the Beginning of the Year | | - | 2 419 350 |
| Current Year Receipts | | 39 675 000 | 35 471 000 |
| Conditions Met - Transferred to Revenue (Operating) | | (39 675 000) | (36 844 112) |
| Conditions Met - Transferred to Revenue (Capital) | | | (15 245) |
| Correction of Prior Period Error | | - | (1 030 993) |
| **Unspent Balance at the End of the Year** | | **-** | **-** |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. This grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing towards the consumer account. The subsidy is determined annually by Council. All indigent consumers receive 6 kilolitre water and 50kWh electricity free every month.No funds have been withheld.

The prior year's amounts have been restated due to recalculations done as per a prior year finding.



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| 25.3.4 Local Government Financial Management Grant (FMG) | 2023 | 2022 |
|---|---|---|
| | R | R |
| Unspent Balance at the Beginning of the Year | - | - |
| Current Year Receipts | 1 720 000 | 1 720 000 |
| Conditions Met - Transferred to Revenue (Operating) | (1 720 000) | (1 720 000) |
| Conditions Met - Transferred to Revenue (Capital) | - | - |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **-** | **-** |

The Local Government Financial Management Grant is paid by National Treasury to municipalities to implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.

| 25.3.5 Expanded Public Works Programme (EPWP) | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | - | - |
| Current Year Receipts | 1 497 000 | 1 682 000 |
| Conditions Met - Transferred to Revenue (Operating) | (1 497 000) | (1 682 000) |
| Conditions Met - Transferred to Revenue (Capital) | - | - |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **-** | **-** |

The Expanded Public Works Programme (EPWP) was used for job creation projects.

| 25.3.6 Municipal Infrastructure Grant (MIG) | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 570 498 | 352 668 |
| Current Year Receipts | 13 005 000 | 12 362 000 |
| Conditions Met - Transferred to Revenue (Operating) | (650 250) | (618 100) |
| Conditions Met - Transferred to Revenue (Capital) | (11 510 448) | (11 518 547) |
| Adjustments / Refunds | (570 497) | (7 523) |
| **Unspent Balance at the End of the Year** | **844 303** | **570 498** |

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged

| 25.3.7 Integrated National Electrification Programme (Municipal) Grant | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 1 352 | 1 352 |
| Current Year Receipts | - | 5 867 000 |
| Conditions Met - Transferred to Revenue (Operating) | - | - |
| Conditions Met - Transferred to Revenue (Capital) | - | (5 867 000) |
| Adjustments / Refunds | | - |
| **Unspent Balance at the End of the Year** | **1 352** | **1 352** |

The Integrated National Electrification Programme (Municipal) Grant was used for electrical connections in previously disadvantaged areas.

| 25.3.8 Human Settlements Development Grant | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 7 321 897 | 4 722 111 |
| Current Year Receipts | 27 419 808 | 50 229 435 |
| Conditions Met - Transferred to Revenue (Operating) | (2 299 981) | (9 200 768) |
| Conditions Met - Transferred to Revenue (Capital) | (27 619 827) | (38 428 881) |
| Adjustments / Refunds | (4 708 565) | - |
| **Unspent Balance at the End of the Year** | **113 332** | **7 321 897** |

The Human Settlements Development Grant was utilised for the development of erven and the erection of top structures.

| 25.3.9 Library Service Replacement Funding for most vulnerable B3 municipalities | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 333 773 | 912 185 |
| Current Year Receipts | 6 260 000 | 6 137 000 |
| Conditions Met - Transferred to Revenue (Operating) | (5 449 190) | (5 803 227) |
| Conditions Met - Transferred to Revenue (Capital) | (432 902) | (912 185) |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **711 681** | **333 773** |

The Library Service Replacement Funding for most vulnerable B3 municipalities received from Provincial Government was used for the unfunded mandate of libraries.



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| **25.3.10 Municipal Disaster Recovery Grant** | **2023** | **2022** |
|---|---|---|
| | **R** | **R** |
| Unspent Balance at the Beginning of the Year | - | - |
| Current Year Receipts | 3 553 000 | - |
| Conditions Met - Transferred to Revenue (Operating) | | - |
| Conditions Met - Transferred to Revenue (Capital) | - | |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **3 553 000** | **-** |

The Municipal Disaster Relief Grant was received from National Government, exclusively to fund COVID-19 expenses the municipality has occurred in an effort to manage and support the National Disaster measurements instituted by the Government.

| **25.3.11 Local Government Public Employment Support Grant** | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 733 335 | - |
| Current Year Receipts | - | 1 000 000 |
| Conditions Met - Transferred to Revenue (Operating) | (686 049) | (266 665) |
| Conditions Met - Transferred to Revenue (Capital) | | - |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **47 286** | **733 335** |

The Local Government Support Grant was received from the Western Cape Provincial Government, exclusively to fund COVID-19 expenses the municipality has occurred in an effort to manage and support the National Disaster measurements instituted by the Government.

| **25.3.12 Other Grants** | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 491 390 | 1 451 829 |
| Current Year Receipts | 1 649 312 | 781 983 |
| Conditions Met - Transferred to Revenue (Operating) | (708 029) | (418 110) |
| Conditions Met - Transferred to Revenue (Capital) | (439 852) | (945 893) |
| Adjustments / Refunds | (2 474) | (378 419) |
| **Unspent Balance at the End of the Year** | **990 347** | **491 390** |

This grant was received from Local Government to coordinate and ensure the implementation of targeted, short term public employment programs. No funds have been withheld.

| **25.3.13 Municipal Disaster Relief Grant** | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 2 | 2 |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **2** | **2** |

This grant was received to provide financial assistance to district municipalities to perform the administrative and monitoring role, including data management relating to humanitarian relief. To provide financial assistance to local municipalities to augment and support current humanitarian relief initiatives. No funds have been withheld.

| **25.3.14 Water Service Infrastructure Grant** | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 1 998 129 | 10 084 472 |
| Current Year Receipts | 12 437 000 | 7 207 000 |
| Conditions Met - Transferred to Revenue (Capital) | (7 774 288) | (15 293 343) |
| Adjustments / Refunds | (452 638) | - |
| **Unspent Balance at the End of the Year** | **6 208 203** | **1 998 129** |

This grant was received for the construction/maintenance of proclaimed municipal main roads. No funds have been withheld.

| **25.3.15 Energy Efficiency and Demand Side Management Grant** | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 1 294 | - |
| Current Year Receipts | - | 3 000 000 |
| Conditions Met - Transferred to Revenue (Capital) | - | (2 998 706) |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **1 294** | **1 294** |

This grant was received to develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance. No funds have been withheld.



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| **25.3.16 Western Cape Financial Management Capability Grant** | **2023** | **2022** |
|---|---|---|
| | **R** | **R** |
| Unspent Balance at the Beginning of the Year | | |
| Current Year Receipts | 200 000 | |
| Conditions Met - Transferred to Revenue (Operating) | (110 000) | |
| Adjustments / Refunds | | |
| **Unspent Balance at the End of the Year** | **90 000** | **-** |

This grant was received to develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance. No funds have been withheld.

| **25.3.17 Provincial Contribution towards the Acceleration of Housing Delivery Grant** | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | - | - |
| Current Year Receipts | 5 500 000 | - |
| Conditions Met - Transferred to Revenue (Capital) | (273 683) | - |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **5 226 317** | **-** |

This grant is intended at assisting municipalities to regain clean financial governance abilities. No funds have been withheld.

| **25.3.18 Provide Resources for the Development and/or Upgrade of SMME Infrastructure** | | |
|---|---|---|
| Unspent Balance at the Beginning of the Year | 1 917 848 | - |
| Current Year Receipts | - | 2 227 991 |
| Conditions Met - Transferred to Revenue (Capital) | (1 546 510) | (310 143) |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **371 338** | **1 917 848** |

| **25.3.19 Municipal Drought Relief Grant** | | |
|---|---|---|
| Balance unspent at the beginning of the year | 15 722 | 1 093 350 |
| Current year receipts | - | - |
| Conditions Met - Transferred to Revenue (Capital) | - | (1 077 628) |
| Adjustments / Refunds | (15 722) | - |
| **Unspent Balance at the End of the Year** | **-** | **15 722** |

This grant was received to assist with drought within the municipal area. No funds have been withheld.

| **25.3.20 Emergency Municipal Loadshedding Relief Grant** | | |
|---|---|---|
| Balance unspent at the beginning of the year | | |
| Current year receipts | 1 360 000 | - |
| Conditions Met - Transferred to Revenue (Capital) | (480 988) | |
| Adjustments / Refunds | | - |
| **Unspent Balance at the End of the Year** | **879 012** | **-** |

This grant was received to assist with drought within the municipal area. No funds have been withheld.

| **25.3.21 Informal Settlements Upgrading Partnership Grant** | | |
|---|---|---|
| Balance unspent at the beginning of the year | | - |
| Current year receipts | 795 354 | - |
| Conditions Met - Transferred to Revenue (Capital) | | - |
| Adjustments / Refunds | - | - |
| **Unspent Balance at the End of the Year** | **795 354** | **-** |

Funding were made available for the refurbishment and construction of sports facilities by municipalities. No funds have been withheld.

| **25.3.22 Municipal Library Support Grant** | | |
|---|---|---|
| Balance unspent at the beginning of the year | 150 000 | - |
| Current year receipts | | 150 000 |
| Conditions Met - Transferred to Revenue (Operating | (108 431) | - |
| Conditions Met - Transferred to Revenue (Capital) | (24 700) | |
| Adjustments / Refunds | | - |
| **Unspent Balance at the End of the Year** | **16 869** | **150 000** |

This grant is used for water supply at Matjiesfontein, ground water investigation and the compilation of a water master plan. The water master plan needs to be drafted and submitted and the water meters needs to be installed. Unutilised funds have been refunded.



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| 25.3.23 Community Library Service Grant | 2023 | 2022 |
|---|---|---|
| | R | R |
| Balance unspent at the beginning of the year | 180 349 | 10 265 351 |
| Current year receipts | | 630 000 |
| Conditions Met - Transferred to Revenue (Capital) | (153 919) | (10 715 002) |
| Adjustments / Refunds | | |
| **Unspent Balance at the End of the Year** | **26 430** | **180 349** |

This grant was received from Local Government to improve infrastructure, systems, structures, corporate governance, service delivery structures, corporate governance, service delivery and compliance with executive obligations.

| 25.3.24 Western Cape Financial Management Capacity Building Grant | | |
|---|---|---|
| Balance unspent at the beginning of the year | 310 000 | 529 000 |
| Current year receipts | | 250 000 |
| Conditions Met - Transferred to Revenue (Operating) | (250 000) | (240 000) |
| Conditions Met - Transferred to revenue (Capital) | | - |
| Adjustments / Refunds | (60 000) | (229 000) |
| **Unspent Balance at the End of the Year** | **-** | **310 000** |

This grant was received from Local Government to assist to improve overall financial governance.

| 25.3.25 Western Cape Financial Management Support Grant | | |
|---|---|---|
| Balance unspent at the beginning of the year | 293 752 | - |
| Current year receipts | - | 640 000 |
| Conditions Met - Transferred to Revenue (Capital) | - | (346 248) |
| Adjustments / Refunds | (43 752) | |
| **Unspent Balance at the End of the Year** | **250 000** | **293 752** |

| 25.3.26 Western Cape Municipal Interventions Grant | | |
|---|---|---|
| Balance unspent at the beginning of the year | | |
| Current year receipts | 500 000 | |
| Conditions Met - Transferred to Revenue (Capital) | (231 438) | |
| Adjustments / Refunds | | |
| **Unspent Balance at the End of the Year** | **268 562** | **-** |

| 25.3.27 Total Grants | | |
|---|---|---|
| Balance unspent at the beginning of the year | 14 319 341 | 31 831 670 |
| Current year receipts | 115 571 474 | 129 355 409 |
| Conditions Met - Transferred to Revenue (Operating) | (53 153 930) | (56 792 982) |
| Conditions Met - Transferred to Revenue (Capital) | (50 488 555) | (88 428 821) |
| Adjustments / Refunds | (5 853 648) | (1 645 935) |
| **Unspent Balance at the End of the Year** | **20 394 682** | **14 319 341** |

**25.3.28 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2023), government grant funding is expected to not change significantly over the forthcoming three financial years.

## 26. SURCHARGES AND TAXES

| | | |
|---|---|---|
| Surcharges | 954 688 | - |
| **Total Surcharges and Taxes** | **954 688** | **-** |

**26.1 Allocation for Cash Flow:**

| | | |
|---|---|---|
| Total Surcharges and Taxes | 954 688 | - |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Surcharges and Taxes allocated to Other Receipts** | **954 688** | **-** |



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## 27. SERVICE CHARGES

| | Exchange Transactions 2023 R | Exchange Transactions 2022 R | Non-Exchange Transactions 2023 R | Non-Exchange Transactions 2022 R |
|---|---|---|---|---|
| Sale of Electricity; | 97 473 128 | 100 058 204 | 1 304 128 | 1 263 209 |
| - Service Charges | 99 309 329 | 105 889 882 | 1 304 128 | 1 263 209 |
| - Revenue Foregone | (1 836 201) | (5 831 678) | - | - |
| Sale of Water: | 22 509 485 | 20 046 896 | 990 742 | 1 005 725 |
| - Service Charges | 26 219 757 | 23 394 276 | 990 742 | 1 005 725 |
| - Revenue Foregone | (3 710 272) | (3 347 380) | - | - |
| Refuse Removal: | 12 749 211 | 12 032 351 | - | - |
| - Service Charges | 17 272 165 | 16 194 890 | - | - |
| - Revenue Foregone | (4 522 953) | (4 162 539) | - | - |
| Sewerage and Sanitation Charges: | 19 386 468 | 18 326 147 | 1 018 715 | 998 307 |
| - Service Charges | 26 082 096 | 24 791 868 | 1 018 715 | 998 307 |
| - Revenue Foregone | (6 695 628) | (6 465 721) | - | - |
| **Total Service Charges** | **152 118 292** | **150 463 598** | **3 313 585** | **3 267 241** |
| - Service Charges | 168 883 347 | 170 270 916 | 3 313 585 | 3 267 241 |
| - Revenue Foregone | (16 765 055) | (19 807 318) | - | - |

| **27.1 Allocation for Cash Flow:** | | 2023 R | 2022 R |
|---|---|---|---|
| Total Service Charges | | 155 431 877 | 153 730 839 |
| Adjustment for Non-cash Transactions:- | | - | - |
| **Total Service Charges allocated to Cash Flow** | | **155 431 877** | **153 730 839** |

**27.2 Calculation of Cash Flow:**

| | | | |
|---|---|---|---|
| Service Charges Income | Note 27.1 | 155 431 877 | 153 730 839 |
| Exchange Interest Earned | Note 31.1 | 1 854 960 | 2 082 673 |
| Cash Flow from Exchange Receivables | Note 2.1 | 2 869 050 | (8 256 566) |
| Cash Flow from Non-exchange Receivables | Note 4.1 | (430 214) | (332 023) |
| Cash Flow from Consumer Deposits | Note 13.1 | 103 848 | 132 428 |
| Cash Flow from Exchange Payables | Note 14.1 | 750 054 | (89 816) |
| **Total Receipts for Service Charges** | | **160 579 575** | **147 267 535** |

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

## 28. SALES OF GOODS AND RENDERING OF SERVICES

| | | |
|---|---|---|
| Advertisements | 27 955 | 72 921 |
| Building Plan Approval | 840 021 | 1 182 627 |
| Camping Fees | 819 599 | 801 811 |
| Cemetery and Burial | 70 144 | 85 883 |
| Cleaning and Removal | 51 253 | - |
| Encroachment Fees | 271 | 718 |
| Exempted Parking | 510 | 270 |
| Legal Fees | 287 355 | 325 931 |
| Photocopies and Faxes | 7 082 | 5 749 |
| Removal of Restrictions | 426 891 | 390 057 |
| Sale of Goods | 162 753 | 167 393 |
| Valuation Services | 206 271 | 233 212 |
| **Total Sales of Goods and Rendering of Services** | **2 900 106** | **3 266 572** |



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| | 2023 | 2022 |
|---|---|---|
| **28.1 Allocation for Cash Flow:** | **R** | **R** |
| Total Sales of Goods and Rendering of Services | 2 900 106 | 3 266 572 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Sales of Goods and Rendering of Services allocated to Other Receipts** | **2 900 106** | **3 266 572** |

## 29. INCOME FROM AGENCY SERVICES

| | | |
|---|---|---|
| Department of Environmental Affairs | 19 597 | 14 426 |
| Commission on Vehicle Registration | 2 708 800 | 2 591 340 |
| **Total Income from Agency Services** | **2 728 397** | **2 605 765** |
| **29.1 Allocation for Cash Flow:** | | |
| Total Income from Agency Services | 2 728 397 | 2 605 765 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Income from Agency Services allocated to Other Receipts** | **2 728 397** | **2 605 765** |

Refer to Note 58.2 for more detail on Agency Services rendered.

## 30. RENTAL FROM FIXED ASSETS

| | | |
|---|---|---|
| **Straight-lined Operating Lease Revenue** | | |
| Investment Property | 716 114 | 494 878 |
| Other Fixed Assets: | - | 2 400 |
| Property Plant and Equipment | - | 2 400 |
| **Other Rental income** | | |
| Ad-hoc Rental Income from Other Fixed Assets: | 200 263 | 307 063 |
| Property Plant and Equipment | 200 263 | 307 063 |
| **Total Rental of Facilities and Equipment** | **916 377** | **804 341** |
| **30.1 Allocation for Cash Flow:** | | |
| Total Rental of Facilities and Equipment | 916 377 | 804 341 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Rental of Facilities and Equipment allocated to Other Receipts** | **916 377** | **804 341** |

Rental income generated are at market related premuins. All rental income recognised is therefore market related.

## 31. INTEREST, DIVIDENDS AND RENT ON LAND EARNED

| | | |
|---|---|---|
| **Non-exchange Receivables:** | | |
| Outstanding Billing Debtors | 325 152 | 204 529 |
| **Total Non-exchange Interest, Dividends and Rent on Land Earned** | **325 152** | **204 529** |
| **External Investments:** | | |
| Investments | 7 681 386 | 4 294 212 |
| | **7 681 386** | **4 294 212** |
| **Dividends Received** | 1 647 | 1 528 |
| | **1 647** | **1 528** |



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| **Outstanding Exchange Receivables:** | | **2023** | **2022** |
|---|---|---|---|
| | | **R** | **R** |
| Outstanding Billing Debtors | | 1 854 960 | 2 082 673 |
| Electricity | | 409 153 | 645 193 |
| Property Rental Debtors | | 32 983 | 263 781 |
| Service Charges | | 77 876 | 219 947 |
| Waste Management | | 335 679 | 265 140 |
| Waste Water Management | | 481 214 | 322 679 |
| Water | | 518 055 | 365 933 |
| | | **1 854 960** | **2 082 673** |
| **Total Exchange Interest, Dividends and Rent on Land Earned** | | **9 537 994** | **6 378 414** |
| **Total Interest, Dividends and Rent on Land Earned** | | **9 863 146** | **6 582 944** |
| **31.1 Allocation for Cash Flow:** | | | |
| **Property Rates:-** | | | |
| Interest on Outstanding Non-exchange Receivables | | 325 152 | 204 529 |
| Total Interest, Dividends and Rent on Land Earned allocated to Property Rates | | 325 152 | 204 529 |
| **Service Charges:-** | | | |
| Interest on Outstanding Exchange Receivables | | 1 854 960 | 2 082 673 |
| Total Interest, Dividends and Rent on Land Earned allocated to Service Charges | | 1 854 960 | 2 082 673 |
| **External Interest and Dividends Received:-** | | | |
| Interest on External Investments | | 7 681 386 | 4 294 212 |
| Dividends | | 1 647 | 1 528 |
| Total Interest, Dividends and Rent on Land Earned allocated to External Interest and Dividends Received | | 7 683 034 | 4 295 741 |
| **Total External Interest and Dividends Received allocated to Cash Flow** | | **9 863 146** | **6 582 944** |
| **31.2 Calculation of Cash Flow:** | | | |
| External Interest and Dividends Income | | 7 683 034 | 4 295 741 |
| Cash Flow from Exchange Receivables | Note 2.1 | (500 285) | 139 822 |
| **Total Receipts for Interest and Dividends Received** | | **7 182 748** | **4 435 562** |

## 32. OPERATIONAL REVENUE

| | | |
|---|---|---|
| Administrative Handling Fees | 9 504 | 7 115 |
| Breakages and Losses Recovered | 1 016 | 433 |
| Commission | 60 940 | 49 239 |
| Development Charges | 274 202 | 614 654 |
| Incidental Cash Surpluses | 2 149 | 2 079 |
| Insurance Refund | 89 254 | 53 800 |
| Merchandising, Jobbing and Contracts | 69 325 | 265 664 |
| Recovery Infrastructure Maintenance | 145 387 | 102 000 |
| Sale of Property | 3 252 052 | - |
| Staff Recoveries | 261 735 | 27 368 |
| **Total Operational Revenue** | **4 165 565** | **1 122 353** |



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| **32.1 Allocation for Cash Flow:** | | **2023** | **2022** |
|---|---|---|---|
| | | **R** | **R** |
| Total Operational Revenue | | 4 165 565 | 1 122 353 |
| Adjustment for Non-cash Transactions:- | | - | - |
| **Total Operational Revenue allocated to Other Receipts** | | **4 165 565** | **1 122 353** |

**32.2 Calculation of Cash Flow allocated to Other Receipts:**

| | | | |
|---|---|---|---|
| Income from Operational Revenue | Note 32.1 | 4 165 565 | 1 122 353 |
| Income from Rental from Fixed Assets | Note 30.1 | 916 377 | 804 341 |
| Income from Agency Services | Note 29.1 | 2 728 397 | 2 605 765 |
| Income from Sales of Goods and Rendering of Services | Note 28.1 | 2 900 106 | 3 266 572 |
| Income from Surcharges and Taxes | Note 26.1 | 954 688 | - |
| Income from Licences and Permits | Note 24.1 | 1 299 891 | 1 285 830 |
| Cash Flow from Exchange Receivables | Note 2.1 | (234 343) | 2 832 981 |
| Cash Flow from Non-exchange Receivables | Note 4.1 | (129 538) | - |
| Cash Flow from Operating Lease Receivables | Note 13. | (51 036) | (59 334) |
| Cash Flow from Consumer Deposits | Note 13.1 | 328 557 | 531 313 |
| Cash Flow from Exchange Payables | Note 14.1 | 92 796 | (2 323 808) |
| **Total Receipts for Other Revenue** | | **12 971 459** | **10 066 014** |

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 22 to 31, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.



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## 33. EMPLOYEE RELATED COSTS

| | 2023 R | 2022 R |
|---|---|---|
| Salaries, Wages and Service Related Benefits: | 73 733 209 | 75 376 913 |
| Basic | 64 433 121 | 66 483 239 |
| Bonusses | 5 252 592 | 5 510 033 |
| Leave Payments | 715 587 | 337 355 |
| Overtime | 3 331 909 | 3 046 286 |
| Allowances: | 9 510 328 | 9 554 895 |
| Acting and Post Related Allowances | 299 407 | 176 485 |
| Cellular and Telephone | 338 080 | 379 200 |
| Housing Benefits | 427 431 | 314 586 |
| Standby Allowance | 2 609 489 | 2 437 066 |
| Travel or Motor Vehicle | 5 835 920 | 6 247 558 |
| Social Contributions: | 19 598 383 | 18 569 032 |
| Bargaining Council | 32 282 | 31 148 |
| Group Life Insurance | 1 868 869 | 1 281 410 |
| Medical | 6 425 464 | 6 125 947 |
| Pension | 10 787 372 | 10 641 013 |
| Unemployment Insurance | 484 397 | 489 514 |
| Post-retirement Benefits: | 5 642 000 | 4 918 001 |
| Current Service Cost | 1 518 000 | 1 438 000 |
| Interest Cost | 3 609 000 | 2 952 000 |
| Actuarial Gains and Losses | - | - |
| Long Term Service Awards | 515 000 | 528 000 |
| **Total Employee Related Costs** | **108 483 920** | **108 418 840** |

### 33.1 Allocation for Cash Flow:

| | | |
|---|---|---|
| Employee Related Costs | 108 483 920 | 108 418 840 |
| Adjustment for Non-cash Transactions: | (6 545 039) | (11 193 977) |
| Provisions and Non-current Provisions:- | (903 039) | (6 275 977) |
| Bonus | (623 114) | (6 563 441) |
| Leave | (279 925) | 287 464 |
| Employee Benefit Liabilities:- | (5 642 000) | (4 918 000) |
| Long-service Awards | (515 000) | (528 000) |
| Medical | (5 127 000) | (4 390 000) |
| **Total Employee Related Costs allocated to Cash Flow** | **101 938 881** | **97 224 862** |

### 33.2 Calculation of Cash Flow:

| | | | |
|---|---|---|---|
| Employee Related Costs Expenditure | Note 33.1 | 101 938 881 | 97 224 862 |
| Cash Flow from Exchange Payables | Note 14.1 | (66 493) | (472 529) |
| Cash Flow from Employee Benefit Liabilities | Note 18.1 | 2 265 199 | 8 484 465 |
| **Total Payments for Employee Related Costs** | | **104 137 587** | **105 236 799** |

### 33.3 Remuneration of Key Management Personnel:

**Remuneration of the Municipal Manager - Mr A.M.Groenewald (1 July 2021 to 30 June 2022)**

| | | |
|---|---|---|
| Annual Remuneration | - | 1 125 944 |
| Rural Allowance | - | 50 683 |
| Annual Bonus | | - |
| Performance Bonus | 180 050 | 177 389 |
| Car Allowance | - | 88 501 |
| Cell Phone Allowance | | 14 400 |
| Leave Payout | - | 111 085 |
| Company Contributions to UIF, Medical and Pension Funds | - | 55 496 |
| **Total** | **180 050** | **1 623 498** |



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| **Remuneration of the Municipal Manager - Mr A Vorster (1 October 2022 - 30 June 2023)** | **2023** | **2022** |
|---|---|---|
| | **R** | **R** |
| Annual Remuneration | 930 335 | |
| Cell Phone Allowance | 10 800 | |
| Company Contributions to UIF, Medical and Pension Funds | 176 495 | |
| **Total** | **1 117 630** | |

**33.4 Remuneration of Other Related Parties:**

| **Remuneration of Director: Engineering Services - Mr F.P. Erasmus (1 July 2022 - 30 September 2022)** | | |
|---|---|---|
| Annual Remuneration | 205 542 | 770 148 |
| Rural Allowance | 21 440 | 83 226 |
| Performance Bonus | 147 830 | 145 646 |
| Travelling Allowance | 30 000 | 120 000 |
| Cell Phone Allowance | 3 000 | 12 000 |
| Company Contributions to UIF, Medical and Pension Funds | 38 076 | 152 304 |
| **Total** | **445 888** | **1 283 324** |

| **Remuneration of Director: Engineering Services - Mr B.C. Neale (01 November 2022 - 30 June 2023)** | | |
|---|---|---|
| Annual Remuneration | 529 725 | |
| Rural Allowance | 25 857 | |
| Performance Bonus | - | |
| Travelling Allowance | 6 927 | |
| Cell Phone Allowance | 8 000 | |
| Company Contributions to UIF, Medical and Pension Funds | 124 405 | |
| **Total** | **694 914** | **-** |

| **Remuneration of Director: Community Services - Mr K.D. Stuurman (1 July 2022 - 30 June 2023)** | | |
|---|---|---|
| Annual Remuneration | 896 101 | 825 864 |
| Rural Allowance | 118 498 | 113 346 |
| Performance Bonus | 126 551 | 158 685 |
| Travelling Allowance | 100 104 | 100 104 |
| Cell Phone Allowance | 12 000 | 12 000 |
| Company Contributions to UIF, Medical and Pension Funds | 211 239 | 209 621 |
| **Total** | **1 464 494** | **1 419 620** |

| **Remuneration of Director: Financial Services - Mr H. Schlebusch (1 July 2020 - 28 February 2021** | | |
|---|---|---|
| Performance Bonus | - | 127 148 |
| **Total** | **-** | **127 148** |

| **Remuneration of Director: Financial Services -Ms E Wassermann (1 July 2022 - 30 June 2023)** | | |
|---|---|---|
| Annual Remuneration | 936 704 | 870 567 |
| Rural Allowance | 43 504 | 41 613 |
| Performance Bonus | 147 830 | 48 549 |
| Cellphone Allowance | 12 000 | 12 000 |
| Company Contributions to UIF, Medical and Pension Funds | 173 371 | 171 886 |
| **Total** | **1 313 410** | **1 144 615** |

| **Remuneration of Director: Corporate Services - Mr D. du Plessis (1 July 2021 - 31 October 2021)** | | |
|---|---|---|
| Annual Remuneration | - | 393 523 |
| Performance Bonus | 65 799 | 190 722 |
| Car Allowance | - | 8 000 |
| Cell Phone Allowance | - | 4 000 |
| Leave Payout | | 140 976 |
| Company Contributions to UIF, Medical and Pension Funds | - | 69 179 |
| **Total** | **65 799** | **806 400** |

| **Remuneration of Director: Corporate Services - Mr A. Vorster (01 July 2022 to 30 September 2022)** | | |
|---|---|---|
| Annual Remuneration | | |
| Performance Bonus | 98 554 | - |
| Cell Phone Allowance | 3 000 | 8 000 |
| Company Contributions to UIF, Medical and Pension Funds | 48 643 | 122 698 |
| **Total** | **150 197** | **130 698** |

The Director Corporate Services acts as Municpal Manager during the period 1 July 2022 to 30 September 2022.



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## 34. REMUNERATION OF COUNCILLORS

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| Executive Mayor | 963 579 | 850 466 |
| Deputy Executive Mayor | 357 963 | 407 040 |
| Speaker | 706 035 | 689 253 |
| Total for All Other Councillors | 3 579 712 | 3 669 351 |
| **Total Payments for Employee Related Costs** | **5 607 289** | **5 616 109** |
| Executive Mayor | 977 057 | 882 911 |
| Allowances and Service Related Benefits | 917 184 | 837 453 |
| Social Contributions | 59 873 | 45 459 |
| Deputy Executive Mayor | 357 963 | 728 248 |
| Allowances and Service Related Benefits | 311 701 | 639 230 |
| Social Contributions | 46 262 | 89 019 |
| Speaker | 692 557 | 741 852 |
| Allowances and Service Related Benefits | 642 695 | 676 480 |
| Social Contributions | 49 862 | 65 372 |
| Mayoral committee members | 1 207 708 | 1 255 750 |
| Allowances and Service Related Benefits | 1 133 007 | 1 165 859 |
| Social Contributions | 74 702 | 89 891 |
| Total for All Other Councillors | 2 372 004 | 2 007 347 |
| Allowances and Service Related Benefits | 2 278 851 | 1 953 864 |
| Social Contributions | 93 153 | 53 483 |
| **Total Councillors' Remuneration** | **5 607 289** | **5 616 109** |

**Remuneration Disclosure - Related Parties:**

| Designation | Incumbent 2023 | Period 2023 | Period 2022 | | |
|---|---|---|---|---|---|
| Executive Mayor | HF Du Randt | (01 July 22 - 30 June 23) | (01 July 21 - 30 June 22) | 963 579 | 870 658 |
| Deputy Mayor | AM Pokwas | (01 July 22 - 15 Dec 22) | (01 July 21 - 30 June 22) | 357 963 | 735 167 |
| Speaker | BO Sonqwenqwe | (01 July 22 - 15 Dec 22) | (01 July 21 - 30 June 22) | 357 963 | 743 390 |
| Speaker | JR Van Schalkwyk | (24 Jan 23 - 30 June 23) | - | 348 072 | - |
| Councillor | EJ. Lamprecht | (01 July 22 - 30 June 23) | (01 July 21 - 30 June 22) | 740 890 | 692 271 |
| Councillor | G. Mangcu-Qotyiwe | (01 July 22 - 15 Dec 22) | (01 July 21 - 30 June 22) | 336 934 | 562 786 |
| Councillor | G. Lebazi | (01 July 22 - 30 June 23) | (01 July 21 - 30 June 22) | 366 538 | 317 803 |
| Councillor | J.A. Matthysen | (01 July 22 - 30 June 23) | (01 July 21 - 30 June 22) | 368 538 | 317 803 |
| Councillor | F. Kees | (01 July 22 - 30 June 23) | (01 July 21 - 30 June 22) | 435 829 | 244 588 |
| Councillor | DJ. Julius | (01 July 22 - 30 June 23) | (01 July 21 - 30 June 22) | 340 590 | 204 892 |
| Councillor | JR Van Schalkwyk | (01 July 22 - 23 Jan 23) | (09 Nov 21 - 30 June 22) | 218 169 | 254 179 |
| Councillor | M.T. Swart | (01 July 22 - 30 June 23) | (09 Nov 21 - 30 June 22) | 340 794 | 204 892 |
| Councillor | D. Julius | (17 Jan 23 - 30 June 23) | - | 154 432 | - |
| Councillor | H.I. Ferguson | (23 March 23 - 30 June 23) | - | 91 614 | - |
| Councillor | A. Bokwana | (01 Jan 23 - 30 June 23) | - | 169 791 | - |
| Councillor | M.G. Du Plessis | | (01 July 21 - 08 Nov 21) | 7 791 | 106 486 |
| Councillor | S.L. Setiera | | (01 July 21 - 8 Nov 21) | 7 801 | 105 877 |
| Councillor | N.G Myburgh | | (01 July 21 - 03 Sept 21) | - | 148 832 |
| Councillor | M J Koch | | (01 July 21 - 8 Nov 21) | - | 106 486 |
| | | | | **5 607 289** | **5 616 110** |

**34.1 Allocation for Cash Flow:**

| | | |
|---|---|---|
| Total Councillors' Remuneration | 5 607 289 | 5 616 109 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Councillors' Remuneration allocated to Cash Flow** | **5 607 289** | **5 616 109** |



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| **34.2 Calculation of Cash Flow:** | | **2023** | **2022** |
|---|---|---|---|
| | | **R** | **R** |
| Remuneration of Councillors Expenditure | Note 34 | 5 607 289 | 5 616 109 |
| **Total Payments for Remuneration of Councillors** | | **5 607 289** | **5 616 109** |

**In-kind Benefits**

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

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

## 35. DEPRECIATION AND AMORTISATION

| | | |
|---|---|---|
| Depreciation: Property, Plant and Equipment | 14 400 593 | 14 134 303 |
| Depreciation: Investment Property | 52 088 | 52 322 |
| Amortisation: Intangible Assets | 167 698 | 163 033 |
| **Total Depreciation and Amortisation** | **14 620 379** | **14 349 657** |

**35.1 Allocation for Cash Flow:**

| | | |
|---|---|---|
| Total Depreciation and Amortisation | 14 620 379 | 14 349 657 |
| Adjustment for Non-cash Transactions:- | (14 620 379) | (14 349 657) |
| **Total Depreciation and Amortisation allocated to Cash Flow** | **-** | **-** |

## 36. IMPAIRMENT LOSSES

| | | |
|---|---|---|
| Impairment Losses on Fixed Assets | 1 536 867 | - |
| Impairment Losses on Financial Assets | 35 421 609 | 32 843 387 |
| Fair Value Adjustment | - | 27 835 |
| **Total Impairment Losses** | **36 958 476** | **32 871 222** |

**36.1 Allocation for Cash Flow:**

| | | |
|---|---|---|
| Total Impairment Losses | 36 958 476 | 32 871 222 |
| Adjustment for Non-cash Transactions: | (36 958 476) | (32 871 222) |
| **Impairment Losses allocated to Cash Flow: Bad Debt Written-off** | **-** | **-** |

**36.2 Impairment Losses on Fixed Assets**

| | | |
|---|---|---|
| **Impairment Losses** | 1 536 867 | - |
| Property, Plant and Equipment | 1 536 867 | - |
| | **1 536 867** | **-** |

**36.3 Impairment Losses on Financial Assets**

| | | |
|---|---|---|
| **Impairment Losses** | 13 720 023 | 20 981 736 |
| Receivables from Exchange Transactions | 309 063 | 2 854 276 |
| Receivables from Non-exchange Revenue | 376 104 | 265 509 |
| Statutory Receivables from Non-exchange Revenue | 13 034 856 | 17 861 950 |
| **Bad Debts Written Off** | 26 792 798 | 13 695 793 |
| **Reversal of Impairment Losses** | (5 091 212) | (1 834 142) |
| Receivables from Exchange Transactions | (5 091 212) | (1 755 645) |
| Statutory Receivables from Non-exchange Revenue | - | (78 496) |
| | **35 421 609** | **32 843 387** |

**36.4 Fair Value Adjustment**

| | | |
|---|---|---|
| Inventory | - | 27 835 |
| | **-** | **27 835** |



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## 37. INTEREST, DIVIDENDS AND RENT ON LAND PAID

| | 2023 R | 2022 R |
|---|---|---|
| Interest Paid: | 8 846 957 | 5 671 809 |
| Borrowings | 2 619 279 | 2 643 642 |
| Finance Leases | 57 441 | - |
| Interest costs non-current Provisions | 5 507 238 | 2 461 539 |
| Long Service Awards | 663 000 | 567 000 |
| Rent on Land | 265 687 | - |
| **Total Interest, Dividends and Rent on Land Paid** | **9 112 644** | **5 671 809** |
| **37.1 Allocation for Cash Flow:** | | |
| **Non-cash Transactions:-** | | |
| Total Interest, Dividends and Rent on Land Paid allocated to Non-cash Transactions | 6 338 347 | 3 028 539 |
| **External Interest and Dividends Paid:-** | | |
| Interest Paid | 2 508 610 | 2 643 269 |
| **Total Interest, Dividends and Rent on Land Paid allocated to External Interest and Dividends Paid** | **2 508 610** | **2 643 269** |
| **Other Payments:-** | | |
| Rent on Land | 265 687 | - |
| **Total Interest, Dividends and Rent on Land Paid allocated to Other Payments** | **265 687** | **-** |
| **Total External Interest and Dividends Paid allocated to Cash Flow** | **9 112 644** | **5 671 809** |
| **37.2 Calculation of Cash Flow:** | | |
| Interest, Dividends and Rent on Land Paid Expenditure — Note 37.1 | 2 508 610 | 2 643 269 |
| Cash Flow from Exchange Payables — Note 14.1 | 35 260 | 72 267 |
| **Total Payments for External Interest and Dividends Paid** | **2 543 870** | **2 715 536** |

## 38. BULK PURCHASES

| | | |
|---|---|---|
| Electricity | 79 694 101 | 82 612 883 |
| **Total Bulk Purchases** | **79 694 101** | **82 612 883** |
| **38.1 Allocation for Cash Flow:** | | |
| Total Bulk Purchases | 79 694 101 | 82 612 883 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Bulk Purchases allocated to Suppliers Paid** | **79 694 101** | **82 612 883** |

## 39. CONTRACTED SERVICES

| | | |
|---|---|---|
| Outsourced Services | 10 455 381 | 9 089 139 |
| Consultants and Professional Services | 2 708 192 | 2 942 131 |
| Contractors | 16 194 178 | 18 340 199 |
| **Total Contracted Services** | **29 357 750** | **30 371 469** |
| **39.1 Allocation for Cash Flow:** | | |
| Total Contracted Services | 29 357 750 | 30 371 469 |
| Adjustment for Non-cash Transactions:- | (0) | (0) |
| **Total Contracted Services allocated to Suppliers Paid** | **29 357 750** | **30 371 469** |



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| 39.2 Outsourced Services | 2023<br>R | 2022<br>R |
|---|---|---|
| Alien Vegetation Control | 526 400 | 629 299 |
| Burial Services | 6 348 | 7 024 |
| Business and Advisory | 1 401 157 | 1 321 970 |
| Catering Services | 41 212 | 2 100 |
| Clearing and Grass Cutting Services | 370 792 | - |
| Connection/Dis-connection | 22 503 | 13 245 |
| Drivers Licence Cards | 229 337 | 232 254 |
| Fire Services | 770 157 | 379 498 |
| Illegal Dumping | 490 444 | 299 565 |
| Meter Management | 742 805 | 223 400 |
| Mini Dumping Sites | 737 723 | 713 617 |
| Personnel and Labour | 314 700 | 81 000 |
| Printing Services | 6 626 | - |
| Security Services | 1 883 320 | 1 973 500 |
| Traffic Fines Management | 2 634 195 | 2 996 756 |
| Translators, Scribes and Editors | 5 169 | 16 740 |
| Water Takers | 272 493 | 199 172 |
| | **10 455 381** | **9 089 139** |

| 39.3 Consultants and Professional Services | | |
|---|---|---|
| Business and Advisory | 1 560 575 | 1 351 763 |
| Infrastructure and Planning | 88 509 | 406 656 |
| Laboratory Services | 378 843 | 363 612 |
| Legal Cost | 680 265 | 820 100 |
| | **2 708 192** | **2 942 131** |

| 39.4 Contractors | | |
|---|---|---|
| Aerial Photography | 81 940 | - |
| Auctioneers | 106 006 | 21 739 |
| Building | 2 311 381 | 9 199 924 |
| Catering Services | 12 757 | 23 216 |
| Chipping | - | 12 714 |
| Electrical | 387 516 | - |
| Event Promoters | - | 30 379 |
| Graphic Designers | - | 20 000 |
| Maintenance of Buildings and Facilities | 739 314 | 2 266 808 |
| Maintenance of Equipment | 209 400 | 311 286 |
| Maintenance of Unspecified Assets | 10 462 160 | 4 771 744 |
| Pest Control and Fumigation | 89 140 | 20 342 |
| Plants, Flowers and Other Decorations | 317 | - |
| Tracing Agents and Debt Collectors | 1 794 246 | 1 662 047 |
| | **16 194 178** | **18 340 199** |

## 40. INVENTORY CONSUMED

| | | |
|---|---|---|
| Consumables | 1 707 284 | 1 004 875 |
| Land | 793 453 | - |
| Materials and Supplies | 6 138 057 | 8 083 820 |
| Water | 7 764 527 | 7 623 354 |
| **Total Inventory Consumed** | **16 403 320** | **16 712 050** |

| 40.1 Allocation for Cash Flow: | | |
|---|---|---|
| Total Inventory Consumed | 16 403 320 | 16 712 050 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Inventory Consumed allocated to Suppliers Paid** | **16 403 320** | **16 712 050** |



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## 41. TRANSFERS AND SUBSIDIES PAID

| | 2023 R | 2022 R |
|---|---|---|
| **Operational Grants** | 530 350 | 445 669 |
| Allocations In-kind | - | 214 957 |
| Monetary Allocations | 530 350 | 230 712 |
| **Total Transfers and Subsidies Paid** | **530 350** | **445 669** |

### 41.1 Allocation for Cash Flow:

| | | |
|---|---|---|
| Total Transfers and Subsidies Paid | 530 350 | 445 669 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Transfers and Subsidies Paid allocated to Suppliers Paid** | **530 350** | **445 669** |

### 41.2 Operational Grants

| | Allocations In-kind | | Monetary Allocations | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Households | - | 214 957 | 90 000 | 145 712 |
| Non-profit Institutions | - | - | 440 350 | - |
| Private Enterprises | - | - | - | 85 000 |
| **Total Operational Grants Paid** | **-** | **214 957** | **530 350** | **230 712** |

## 42. OPERATING LEASES

| | 2023 R | 2022 R |
|---|---|---|
| Furniture and Office Equipment | 28 533 | - |
| Machinery and Equipment | - | 1 249 399 |
| Other Assets | 307 053 | 291 159 |
| **Total Operating Leases** | **335 586** | **1 540 557** |

### 42.1 Allocation for Cash Flow:

| | | |
|---|---|---|
| Total Operating Leases | 335 586 | 1 540 557 |
| Adjustment for Non-cash Transactions:- | - | - |
| **Total Operating Leases allocated to Suppliers Paid** | **335 586** | **1 540 557** |

### 42.2 Leasing Arrangements

**The Municipality as Lessee:**

Operating Leases relate to Land and Buildings with lease terms not longer than 5 years.



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## 43. OPERATIONAL COSTS

| | 2023 | 2022 |
|---|---|---|
| | R | R |
| Achievements and Awards | - | 2 250 |
| Advertising, Publicity and Marketing | 394 557 | 481 376 |
| Assets less than the Capitalisation Threshold | - | 1 669 |
| Bank Charges, Facility and Card Fees | 1 188 854 | 1 251 697 |
| Bursaries (Employees) | 360 000 | 240 000 |
| Cleaning Services | 118 412 | 119 340 |
| Commission | 1 012 625 | 2 344 243 |
| Communication | 1 799 092 | 1 724 857 |
| Contribution to Provisions | 825 586 | - |
| Entertainment | 33 098 | 90 014 |
| External Audit Fees | 4 393 408 | 3 992 306 |
| External Computer Service | 3 433 071 | 3 911 793 |
| Full Time Union Representative | 94 782 | 84 450 |
| Hire Charges | 549 976 | 712 681 |
| Indigent Relief | 15 887 | 30 000 |
| Insurance Underwriting | 1 117 018 | 1 047 727 |
| Learnerships and Internships | - | 21 612 |
| Levies Paid - Water Resource Management Charges | - | 230 090 |
| Licences | 357 603 | 280 543 |
| Management Fee | 281 084 | 537 836 |
| Municipal Services | 27 500 | - |
| Printing, Publications and Books | 155 492 | 264 201 |
| Professional Bodies, Membership and Subscription | 12 341 | 17 932 |
| Registration Fees | 1 964 257 | 1 886 210 |
| Remuneration to Ward Committees | 45 007 | 26 100 |
| Resettlement Cost | 34 783 | 44 665 |
| Road Worthy Test | 4 773 | 4 290 |
| Servitudes and Land Surveys | 695 | 320 |
| Signage | 8 027 | 1 456 |
| Skills Development Fund Levy | 1 041 684 | 1 042 044 |
| System Access and Information Fees | 34 389 | 31 172 |
| Travel and Subsistence | 242 821 | 245 410 |
| Uniform and Protective Clothing | 667 615 | 605 656 |
| Vehicle Tracking | 155 978 | 149 658 |
| Wet Fuel | 4 631 830 | 3 357 699 |
| Workmen's Compensation Fund | 558 671 | 547 100 |
| **Total Operational Costs** | **25 560 914** | **25 162 530** |

### 43.1 Allocation for Cash Flow:

| | | |
|---|---|---|
| Total Operational Costs | 25 560 914 | 25 162 530 |
| Adjustment for Non-cash Transactions:- | (825 586) | - |
| **Total Operational Costs allocated to Suppliers Paid** | **24 735 328** | **25 162 530** |

### 43.2 Calculation of Cash Flow for Suppliers Paid:

| | | | |
|---|---|---|---|
| Expenditure for Operational Costs | Note 43.1 | 24 735 328 | 25 162 530 |
| Expenditure for Operating Leases | Note 42.1 | 335 586 | 1 540 557 |
| Expenditure for Transfers and Subsidies Paid | Note 41.1 | 530 350 | 445 669 |
| Expenditure for Inventory Consumed | Note 40.1 | 16 403 320 | 16 712 050 |
| Expenditure for Contracted Services | Note 39.1 | 29 357 750 | 30 371 469 |
| Expenditure for Bulk Purchases | Note 38.1 | 79 694 101 | 82 612 883 |
| Expenditure for Interest, Dividends and Rent on Land Paid | Note 37.1 | 265 687 | - |
| Cash Flow from Inventories | Note 1.1 | (295 179) | 654 073 |
| Cash Flow from Exchange Receivables | Note 2.1 | 51 477 | (39 446) |
| Cash Flow from Non-exchange Receivables | Note 4.1 | - | (3 780) |
| Cash Flow from Property, Plant and Equipment | Note 7.1 | - | (11 204) |
| Cash Flow from Investment Property | Note 9.1 | - | (101 845) |
| Cash Flow from Exchange Payables | Note 14.1 | 22 376 362 | (27 588 839) |
| Cash Flow from Exchange Payables | Note 14.1 | 7 938 | (3 987) |
| Cash Flow from Operating Lease Payables | Note 16.1.1 | (7 391) | 1 217 |
| **Total for Suppliers Paid** | | **173 455 329** | **129 751 346** |



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| 43.3 Travel and Subsistence | 2023 R | 2022 R |
|---|---|---|
| **Domestic** | **242 821** | **245 410** |
| Accommodation | 49 818 | 55 607 |
| Daily Allowance | 23 765 | 47 401 |
| Incidental Cost | 2 049 | 2 013 |
| Transport without Operator | 163 370 | 140 388 |
| Transport with Operator | 3 819 | - |
| | **242 821** | **245 410** |

| 43.4 Material Losses | 9 341 797 | 9 732 528 |
|---|---|---|
| Electricity Losses | 7 131 346 | 7 084 225 |
| Water Losses | 2 210 452 | 2 648 304 |

The amounts disclosed above for Electricity and Water Losses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 50.1.9).

No other extra-ordinary expenses were incurred.

## 44. GAINS AND LOSSES ON OTHER OPERATIONS

| | | |
|---|---|---|
| **Gains on Other Operations** | | |
| Fair Value Gains on Actuarial Assessments | 5 080 416 | 2 851 920 |
| **Total Gains on Other Operations** | **5 080 416** | **2 851 920** |
| **Net Gains and Losses on Other Operations** | **5 080 416** | **2 851 920** |

### 44.1 Allocation for Cash Flow:

| | | |
|---|---|---|
| **Gains on Other Operations:** | | |
| Gains on Other Operations | 5 080 416 | 2 851 920 |
| Adjustment for Non-cash Transactions: | (5 080 416) | (2 851 920) |
| Fair Value Gains on Actuarial Assessments | (5 080 416) | (2 851 920) |
| **Total Gains on Other Operations allocated to Other Receipts** | **-** | **-** |

No other gains or losses have been recognised in respect of Loans and Receivables or Held-to-Maturity Investments, other than as disclosed in Note 36 and Impairment Losses recognised/reversed in respect of Trade Receivables (see Notes 2, 3, 4 and 5).

## 45. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

| | | |
|---|---|---|
| **Gains on Disposal of Capital Assets** | | |
| Investment Property | - | (31 081) |
| Property, Plant and Equipment | 333 897 | 421 981 |
| **Total Gains on Disposal of Capital Assets** | **333 897** | **390 900** |
| **Losses on Disposal of Capital Assets** | | |
| Intangible Assets | - | 6 439 |
| Investment Property | 617 234 | - |
| Property, Plant and Equipment | 434 294 | 1 447 355 |
| **Total Losses on Disposal of Capital Assets** | **1 051 528** | **1 453 795** |
| **Net Gains / (Losses) on Disposal of Capital Assets** | **(717 631)** | **(1 062 895)** |



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| 45.1 Allocation for Cash Flow: | 2023 | 2022 |
|---|---|---|
| | R | R |
| **Disposal of Intangible Assets:** | | |
| Gains on Disposal of Capital Assets | - | - |
| Losses on Disposal of Capital Assets | - | (6 439) |
| Disposal as per Asset Control Account | - | 6 439 |
| Total Gains on Disposal of Capital Assets allocated to Intangible Assets | - | - |
| **Disposal of Investment Property:** | | |
| Gains on Disposal of Capital Assets | - | (31 081) |
| Losses on Disposal of Capital Assets | (617 234) | - |
| Disposal as per Asset Control Account | 617 234 | 31 081 |
| Total Gains on Disposal of Capital Assets allocated to Investment Property | - | - |
| **Disposal of Property, Plant and Equipment:** | | |
| Gains on Disposal of Capital Assets | 333 897 | 421 981 |
| Losses on Disposal of Capital Assets | (434 294) | (1 447 355) |
| Disposal as per Asset Control Account | 672 261 | 1 477 749 |
| Total Gains on Disposal of Capital Assets allocated to Property, Plant and Equipment | 571 864 | 452 375 |
| **Total Gains / (Losses) on Disposal of Capital Assets allocated to Cash Flow** | **571 864** | **452 375** |
| **Made up as follows:** | | |
| Allocated to Non-cash Movements | 1 289 495 | 1 515 270 |
| Net Gains / (Losses) on Disposal of Capital Assets | (717 631) | (1 062 895) |
| **Total Gains / (Losses) on Disposal of Capital Assets allocated to Cash Flow** | **571 864** | **452 375** |



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## 46. RECLASSIFICATION AND CORRECTION OF ERROR OF ANNUAL FINANCIAL STATEMENTS

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

| The effect of the changes are as follows: | 2023 R | 2022 R |
|---|---|---|
| | | Accumulated Surplus |
| **Balance published as at 30 June 2021** | | 327 123 421 |
| Correction of Error:- | | |
| Adjustment for Accrual of Receivables | 3 146 031 | |
| Adjustment for Capital Assets as per Revised Asset Register | 1 849 280 | |
| Adjustment for Accrual of Audit Fees | 269 180 | |
| Adjustment for VAT Portion of Impairment Provision | 2 887 458 | |
| Adjustment for Rounding Errors | - | 8 151 949 |
| **Restated Balance as at 30 June 2021** | | **335 275 370** |
| Transactions incurred for the Year 2021/22 | | 86 139 749 |
| Correction of Error:- | | |
| Adjustment for Water Inventory | 23 103 | |
| Adjustment for Accrual of Receivables | 168 251 | |
| Adjustment for Capital Assets as per Revised Asset Register | (849 878) | |
| Adjustment for Accrual of Audit Fees | 89 986 | |
| Adjustment for Allocation of Equitable Share | 1 030 993 | |
| Adjustment for VAT Portion of Impairment Provision | 204 621 | |
| Adjustment for Rounding Errors | - | 667 075 |
| **Restated Balances as at 30 June 2022** | | **422 082 194** |

### 46.1 Reclassification and/or Corrections of Revenue

Prior year amounts of items in Revenue included in the Statement of Financial Performance have been restated as indicated below:

| | Property Rates | Fines, Penalties and Forfeits | Licences and Permits - Non-exchange |
|---|---|---|---|
| **Balance previously reported** | **45 860 086** | **45 279 071** | **-** |
| **Restated Balance now reported** | **45 860 086** | **45 279 071** | **-** |

| | Transfers and Subsidies | Surcharges and Taxes | Service Charges - Non-exchange | Interest, Dividends & Rent on - Land Non-Exchange |
|---|---|---|---|---|
| **Balance previously reported** | **145 221 799** | **-** | **3 267 241** | **204 529** |
| Adjust Equitable Share Allocation | 1 030 993 | - | - | - |
| **Restated Balance now reported** | **146 252 792** | **-** | **3 267 241** | **204 529** |

**Transfers and Subsidies:**

The prior year amounts for Transfers & Subsidies and Unspent Conditional Grants have been restated to correctly disclose the revenue for Equitable Shares, the unspent portion of COVID-19 allocation previously recognised as a liability.



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| | Licences and Permits - Exchange | Service Charges - Exchange | Sales of Goods and Rendering of Services |
|---|---|---|---|
| **Balance previously reported** | **1 285 830** | **150 295 347** | **3 881 226** |
| Adjust Accruals for Unbilled Service Charges | - | 168 251 | - |
| Reclassification of Development Charges | - | | (614 654) |
| **Restated Balance now reported** | **1 285 830** | **150 463 598** | **3 266 572** |

**Service Charges:**

The prior year amounts for Service Charges and Exchange Receivables have been restated to correctly disclose the revenue for Electricity and Water Services, unbilled services at year-end previously incorrectly calculated.

**Sales of Goods and Rendering of Services:**

The prior year amounts for Sales of Goods & Rendering of Services and Operational Revenue have been restated to correctly disclose the revenue for Development Charges, previously incorrectly recognised as Services Rendered.

| | Income from Agency Services | Rental from Fixed Assets | Interest, Dividends & Rent on Land - Exchange |
|---|---|---|---|
| **Balance previously reported** | **2 605 765** | **804 341** | **6 378 414** |
| Rounding Errors | - | - | - |
| **Restated Balance now reported** | **2 605 765** | **804 341** | **6 378 414** |

| | Operational Revenue | Intercompany/ Parent-subsidiary Transactions | Gains on Disposal of PPE | Gains on Other Operations |
|---|---|---|---|---|
| **Balance previously reported** | **507 699** | **-** | **-** | |
| Reclassification in terms of mSCOA Chart | - | - | 390 900 | 2 851 920 |
| Reclassification of Development Charges | 614 654 | - | - | |
| **Restated Balance now reported** | **1 122 353** | **-** | **390 900** | **2 851 920** |

**Other Income:**

The prior year amounts for Operational Revenue and Sales of Goods & Rendering of Services have been restated to correctly disclose the revenue for Development Charges, previously incorrectly recognised as Services Rendered.

**Gains on Other Operations:**

The prior year amounts for Gains on Other Operations and Inventory Consumed have been restated to correctly disclose the fair value gains on Water Inventory, previously not recognised.



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**46.2 Reclassification and/or Corrections of Expenditure**

Prior year amounts of items in Expenditure included in the Statement of Financial Performance have been restated as indicated below:

| | Employee Related Costs | Remuneration of Councillors | Depreciation and Amortisation |
|---|---|---|---|
| **Balance previously reported** | **111 045 867** | **5 616 109** | **14 398 112** |
| Reclassification in terms of mSCOA Chart | 2 851 920 | - | - |
| Correction of Errors:- | | | |
| Adjust Depreciation as per 2023 Asset Register | - | - | (48 454) |
| Adjust Employee Cost as per COMAF 17 for Employee Benefits Interest | (567 000) | - | - |
| Adjust Employee Cost as per COMAF 46 for Water Inventory | (4 911 947) | - | - |
| **Restated Balance now reported** | **108 418 840** | **5 616 109** | **14 349 657** |

**Employee Related Costs:**
The prior year amounts for Employee Related Costs have been restated to correctly disclose the expenditure for Interest on Provision for Long-service Awards, restated as per COMAF 17.

**Depreciation and Amortisation:**
The prior year amounts for Depreciation & Amortisation, Property, Plant & Equipment and Investment Property have been restated to correctly disclose depreciation for assets as per Asset Register compiled for the Year.

| | Impairment Losses | Interest, Dividends and Rent on Land | Bulk Purchases | Contracted Services |
|---|---|---|---|---|
| **Balance previously reported** | **33 048 008** | **4 547 333** | **82 612 883** | **31 090 423** |
| Reclassification in terms of mSCOA Chart | 27 835 | - | - | - |
| Correction of Errors:- | | | | |
| Adjust Landfill Site Interest as per 2023 Asset Register | - | 557 849 | - | - |
| Adjust Asset Purchases as per 2023 Asset Register | - | - | - | (82 708) |
| Adjust Accruals for External Audit Fees | - | - | - | (89 986) |
| Adjust Impairment Losses as per COMAF 44 for VAT Portion | (204 621) | - | - | - |
| Adjust Employee Cost as per COMAF 17 for Employee Benefits Interest | | 567 000 | - | - |
| Adjust Expenditures as per COMAF 46 for Water Inventory | | (373) | - | (546 260) |
| **Restated Balance now reported** | **32 871 222** | **5 671 809** | **82 612 883** | **30 371 469** |

**Impairment Losses:**
The prior year amounts for Impairment Losses and Statutory Receivables for VAT Transactions have been restated to correctly disclose the expenditure for Impairment Recognised / Reversed for Receivables, the VAT portion previously incorrectly accounted for.

**Interest, Dividends and Rent on Land:**
The prior year amounts for Interest, Dividends & Rent on Land and Property, Plant & Equipment have been restated to correctly disclose the expenditure for the unwinding costs of the Provision for Landfill Sites, previously incorrectly accounted for.

Furthermore, the prior year amounts for Interest, Dividends & Rent on Land and Property, Plant & Equipment have been restated to correctly disclose the expenditure for Interest on Provision for Long-service Awards, restated as per COMAF 17.

**Contracted Services:**
The prior year amounts for Contracted Services and Property, Plant & Equipment have been restated to correctly disclose the acquisition of assets as per Asset Register compiled for the Year.

Furthermore, the prior year amounts for Contracted Services, VAT Receivable and Exchange Payables have been restated to correctly disclose the expenditure for Audit Fees, restated for interest subsequently written off by the Auditor-General.



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| | Inventory Consumed | Transfers and Subsidies Paid | Operating Leases | Operational Costs |
|---|---|---|---|---|
| **Balance previously reported** | **10 867 372** | **445 669** | **1 540 557** | **25 560 179** |
| Adjust Net Realisable Value of Water Inventory | (11 552) | - | - | - |
| Adjust Expenditures as per COMAF 46 for Water Inventory | 5 856 229 | - | - | (397 649) |
| **Restated Balance now reported** | **16 712 050** | **445 669** | **1 540 557** | **25 162 530** |

**Inventory Consumed:**
The prior year amounts for Gains on Other Operations and Inventory Consumed have been restated to correctly disclose the fair value gains on Water Inventory, previously not recognised.

Furthermore, the prior year amounts for Inventory Consumed and Inventory have been restated to correctly disclose the expenditure for Inventory Consumed, restated for net reliasable value previously incorrect calculated.

| | Income Taxes | Statutory Payments other than Taxes | Loss on Disposal of PPE | Losses on Other Operations |
|---|---|---|---|---|
| **Balance previously reported** | **-** | **-** | **639 702** | **39 386** |
| Reclassification in terms of mSCOA Chart | - | - | 390 900 | (27 835) |
| Correction of Errors:- | | | | |
| Adjust Asset Disposals as per 2023 Asset Register | - | - | 423 192 | - |
| Adjust Water Inventory for Net Realisable Value | - | - | - | (11 552) |
| **Restated Balance now reported** | **-** | **-** | **1 453 795** | **-** |

**Loss on Disposal of Property, Plant and Equipment:**
The prior year amounts for Loss on Disposal of PPE and Property, Plant & Equipment have been restated to correctly disclose disposal of assets as per Asset Register compiled for the Year.

**Losses on Other Operations:**
The prior year amounts for Losses on Other Operations and Invetory have been restated to correctly disclose the expenditure for Inventory Consumed, restated for net reliasable value previously incorrect calculated.

**46.3 Reclassification and/or Corrections of Statement of Financial Position**

**Opening Balances** and **Prior Year Amounts** of items in the Statement of Financial Position have been restated as indicated below:

**Reclassification in terms of mSCOA Chart:**
The opening balances of indicated items in the Statement of Financial Position have been reclassified in terms of the mSCOA Item GUID's allocated to these items to agree to the data strings submitted to National Treasury. The net effect of these reclassifications is zero.

The prior year amounts of indicated items in the Statement of Financial Position have been reclassified in terms of the mSCOA Item GUID's allocated to these items to agree to the data strings submitted to National Treasury. The net effect of these reclassifications is zero.

| | Inventories | Receivables from Exchange Transactions | Statutory Receivables from VAT Transactions |
|---|---|---|---|
| **Balances previously published per AFS as at 30 June 2021** | **5 126 172** | **9 547 806** | **1 483 269** |
| Reclassification of Control, Clearing and Interface Accounts | - | 337 499 | - |
| Correction of Errors:- | | | |
| Adjust Receivables for Accruals Made | - | 3 146 031 | - |
| Adjust VAT Receivable for Audit Fees Accrual | - | - | (40 377) |
| Adjust VAT Portion of Impairment Provision as per COMAF 44 | - | - | 2 887 458 |
| **Balances now published per AFS as at 30 June 2021** | **5 126 172** | **13 031 335** | **4 330 349** |



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| | Inventories | Receivables from Exchange Transactions | Statutory Receivables from VAT Transactions |
|---|---|---|---|
| Transactions incurred for the Year 2021/22 | 603 136 | 3 286 219 | 1 291 251 |
| Reclassification of Control, Clearing and Interface Accounts | - | (337 499) | - |
| Correction of Errors:- | | | |
| Adjust Water Inventory | 23 103 | - | - |
| Adjust Receivables for Accruals Made | - | 168 251 | - |
| Adjust VAT Receivable for Audit Fees Accrual | - | - | (13 498) |
| Adjust VAT Portion of Impairment Provision as per COMAF 44 | - | - | 204 621 |
| **Balances now published per AFS as at 30 June 2022** | **5 752 410** | **16 148 307** | **5 812 724** |

**Inventories:**
The prior year amounts for Inventories, Inventory Consumed and Losses on Other Operations have been restated to correctly disclose the value of Water Inventory, restated for net reliasable value previously incorrect calculated.

**Receivables from Exchange Transactions:**
The opening balances for Exchange Receivables and Accumulated Surplus have been restated to correctly disclose the receivables for Electricity and Water Services, unbilled services at year-end previously incorrectly calculated.

The prior year amounts for Exchange Receivables and Service Charges have been restated to correctly disclose the receivables for Electricity and Water Services, unbilled services at year-end previously incorrectly calculated.

**Statutory Receivables from VAT Transactions:**
The opening balances for VAT Receivable, Exchange Payables and Accumulated Surplus have been restated to correctly disclose the receivables for VAT, audit fees restated for interest subsequently written off by the Auditor-General.

Furthermore, the opening balances for VAT Receivable and Accumulated Surplus have been restated to correctly disclose the receivables for Impairment Recognised / Reversed for VAT Receivables, Impairment on VAT previously incorrectly accounted for.

The prior year amounts for VAT Receivable, Exchange Payables and Contracted Services have been restated to correctly disclose the receivables for VAT, audit fees restated for interest subsequently written off by the Auditor-General.

Furthermore, the prior year amounts for VAT Receivable and Impairment Expense have been restated to correctly disclose the receivables for Impairment Recognised / Reversed for VAT Receivables, Impairment on VAT previously incorrectly accounted for.

| | Receivables from Non-exchange Transactions | Statutory Receivables from Non-exchange Transactions | VAT Receivable |
|---|---|---|---|
| **Balances previously published per AFS as at 30 June 2021** | **-** | **11 158 918** | **-** |
| Reclassification of Availability Charges | 285 668 | (285 668) | - |
| Reclassification of Unauthorised, Irregular, Fruitless & Wasteful Expenditure | 3 780 | (3 780) | - |
| Reclassification of Control, Clearing and Interface Accounts | - | (337 499) | - |
| **Balances now published per AFS as at 30 June 2021** | **289 448** | **10 531 972** | **-** |
| Transactions incurred for the Year 2021/22 | - | 5 073 418 | - |
| Reclassification of Availability Charges | (321 037) | 321 037 | - |
| Reclassification of Unauthorised, Irregular, Fruitless & Wasteful Expenditure | (3 780) | 3 780 | - |
| Reclassification of RD Cheques | 347 724 | (347 724) | - |
| Reclassification of Control, Clearing and Interface Accounts | - | 337 499 | - |
| **Balances now published per AFS as at 30 June 2022** | **312 355** | **15 919 981** | **-** |



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| | Cash and Cash Equivalents | Lease Receivables | Long-term Receivables |
|---|---|---|---|
| **Balances previously published per AFS as at 2021** | **109 813 853** | **42 735** | **-** |
| **Balances now published per AFS as at 2021** | **109 813 853** | **42 735** | **-** |
| Transactions incurred for the Year | 3 510 509 | 5 326 | - |
| **Balances now published per AFS as at 30 June 2022** | **113 324 362** | **48 060** | **-** |

| | Property, Plant and Equipment | Intangible Assets | Investment Property |
|---|---|---|---|
| **Balances previously published per AFS as at 30 June 2021** | **378 221 543** | **741 194** | **11 673 329** |
| Adjust Asset Cost as per 2023 Asset Register | 2 734 731 | - | 120 130 |
| Adjust Depreciation as per 2023 Asset Register | (539 958) | - | (5 861) |
| Adjust Impairment as per 2023 Asset Register | (459 763) | | |
| **Balances now published per AFS as at 30 June 2021** | **379 956 554** | **741 194** | **11 787 598** |
| Transactions incurred for the Year 2021/22 | 82 283 181 | (79 208) | (184 797) |
| Adjust Asset Acquisitions as per 2023 Asset Register | 93 452 | - | - |
| Adjust Asset Unwinding Interest as per 2023 Asset Register | (557 849) | - | - |
| Adjust Depreciation as per 2023 Asset Register | 48 905 | - | (451) |
| Adjust Impairment as per 2023 Asset Register | (10 744) | - | |
| Adjust Asset Disposals as per 2023 Asset Register | (423 192) | - | |
| **Balances now published per AFS as at 30 June 2022** | **461 390 307** | **661 987** | **11 602 350** |

**Property, Plant and Equipment:**
The opening balances for Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Prior Year.

The prior year amounts for Property, Plant & Equipment, Amortisation & Depreciation, Impairment and Disposal of Capital Asets have been restated to correctly disclose the value of Capital Assets as per Asset Register compiled for the Prior Year.

**Investment Property:**
The opening balances for Investment Property and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Prior Year.

The prior year amounts for Investment Property and Amortisation & Depreciation have been restated to correctly disclose the value of Capital Assets as per Asset Register compiled for the Prior Year.

| | Heritage Assets | Lease Receivable | Long-term Receivables |
|---|---|---|---|
| **Balances previously published per AFS as at 30 June 2021** | **170 979** | **95 662** | **167 615** |
| **Balances now published per AFS as at 30 June 2021** | **170 979** | **95 662** | **167 615** |
| Transactions incurred for the Year 2021/22 | - | 54 008 | 260 489 |
| **Balances now published per AFS as at 30 June 2022** | **170 979** | **149 671** | **428 104** |

| | Consumer Deposits | Payables from Exchange Transactions | Payables from Non-exchange Transactions |
|---|---|---|---|
| **Balances previously published per AFS as at 30 June 2021** | **(3 186 848)** | **(33 209 941)** | **-** |
| Adjust Payables for Audit Fees Accrual | - | 309 557 | - |
| Adjust Exchange Payables as per COMAF 1/2023 for Employee Benefits | - | (37 061) | - |
| **Balances now published per AFS as at 30 June 2021** | **(3 186 848)** | **(32 937 445)** | **-** |



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| | | | |
|---|---|---|---|
| Transactions incurred for the Year 2021/22 | (663 741) | (25 720 010) | - |
| Adjust Payables for Audit Fees Accrual | - | 103 484 | - |
| Adjust Exchange Payables as per COMAF 1/2023 for Employee Benefits | - | 37 061 | - |
| **Balances now published per AFS as at 30 June 2022** | **(3 850 589)** | **(58 516 910)** | **-** |

**Payables from Exchange Transactions:**

The opening balances for Exchange Payables, VAT Receivable and Accumulated Surplus have been restated to correctly disclose the liability for Audit Fees, restated for interest subsequently written off by the Auditor-General.

The prior year amounts for Exchange Payables, VAT Receivable and Contracted Services have been restated to correctly disclose the liability for Audit Fees, restated for interest subsequently written off by the Auditor-General.

| | Unspent Conditional Grants and Receipts | VAT Payable | Lease Payables |
|---|---|---|---|
| **Balances previously published per AFS as at 30 June 2021** | **(31 836 718)** | **-** | **(7 139)** |
| Reclassification in terms of mSCOA Chart | - | - | (3 124) |
| **Balances now published per AFS as at 30 June 2021** | **(31 836 718)** | **-** | **(10 263)** |
| Transactions incurred for the Year 2021/22 | 16 486 381 | - | (1) |
| Reclassification in terms of mSCOA Chart | - | - | 1 218 |
| Correction of Errors:- | | | |
| Adjust Equitable Share Allocation | 1 030 993 | - | - |
| **Balances now published per AFS as at 30 June 2022** | **(14 319 344)** | **-** | **(9 046)** |

**Unspent Conditional Grants and Receipts:**

The prior year amounts for Unspent Conditional Grants and Transfers & Subsidies have been restated to correctly disclose the liability for Unspent Grants, the unspent portion of COVID-19 allocation previously recognised as a liability.

| | Borrowings | Employee Benefit Liabilities | Provisions | Lease Payables |
|---|---|---|---|---|
| **Balances previously published per AFS as at 30 June 2021** | **(2 778 768)** | **(14 711 969)** | **-** | **(3 124)** |
| Reclassification in terms of mSCOA Chart | - | 12 010 969 | (12 010 969) | 3 124 |
| Adjust Provisions as per COMAF 1/2023 for Employee Benefits | - | (11 973 908) | 12 010 969 | - |
| **Balances now published per AFS as at 30 June 2021** | **(2 778 768)** | **(14 674 908)** | **-** | **-** |
| Transactions incurred for the Year 2021/22 | (244 481) | 1 168 469 | - | 3 124 |
| Reclassification in terms of mSCOA Chart | - | (170 469) | 170 469 | (3 124) |
| Correction of Errors:- | | | | |
| Adjust Provisions as per COMAF 1/2023 for Employee Benefits | - | 133 408 | (170 469) | - |
| **Balances now published per AFS as at 30 June 2022** | **(3 023 249)** | **(13 543 500)** | **(0)** | **-** |



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| | Borrowings | Employee Benefit Liabilities | Provisions | Reserves |
|---|---|---|---|---|
| **Balances previously published per AFS as at 30 June 2021** | **(21 998 726)** | **(34 070 000)** | **(45 316 422)** | **(14 000 000)** |
| **Balances now published per AFS as at 30 June 2021** | **(21 998 726)** | **(34 070 000)** | **(45 316 422)** | **(14 000 000)** |
| Transactions incurred for the Year 2021/22 | 3 031 242 | (1 556 000) | (4 468 765) | 2 000 000 |
| Reclassification in terms of mSCOA Chart | 1 906 | - | - | - |
| **Balances now published per AFS as at 30 June 2022** | **(18 965 578)** | **(35 626 000)** | **(49 785 187)** | **(12 000 000)** |

## 47. CHANGE IN ACCOUNTING ESTIMATES

| | 2023 R | 2022 R |
|---|---|---|

### 47.1 Depreciation Expenditure:

The remaining useful lives and residual values of Capital Assets were re-assessed in the current year and affected the amount of depreciation for the 2022/23 financial year. The adjustments are as follows:

| | | |
|---|---|---|
| Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of Capital Assets | (3 465) | - |
| **Increase / (Decrease) in Depreciation of Capital Assets** | **(3 465)** | **-** |
| Depreciation as previously stated | 14 623 844 | 14 349 657 |
| Adjustment due to Change in Accounting Estimate | (3 465) | - |
| **Depreciation as per Note 35.** | **14 620 379** | **14 349 657** |

### 47.2 Provision for the Rehabilitation of Landfill Site:

The valuation for the rehabilitation of Landfill Site was re-assessed in the current year and resulted in a increase of R 10 001 986.36 in the provision. The reason for this difference is due to overall increase in eastimated rehabilitation cost of Infanta, Malagas and Swellendam Landfill sites.

## 48. CASH GENERATED BY OPERATIONS

| | | | |
|---|---|---|---|
| Surplus / (Deficit) for the Year | | 52 359 540 | 84 806 824 |
| **Adjustment for Non-cash Transactions included in Surplus / (Deficit):** | | | |
| Fines, Penalties and Forfeits | Refer Note 23.1 | 689 740 | - |
| Employee Related Costs | Refer Note 33.1 | 6 545 039 | 11 193 977 |
| Depreciation and Amortisation | Refer Note 35.1 | 14 620 379 | 14 349 657 |
| Impairment Losses | Refer Note 36.1 | 36 958 476 | 32 871 222 |
| Interest, Dividends and Rent on Land | Refer Note 37.1 | 6 338 347 | 3 028 539 |
| Operational Costs | Refer Note 43.1 | 825 586 | - |
| Gains on Other Operations | Refer Note 44.1 | (5 080 416) | (2 851 920) |
| Gains / Losses on Disposal of Assets | Refer Note 45.1 | 1 289 495 | 1 515 270 |
| **Adjustment for Cash Transactions not included in Surplus / (Deficit):** | | | |
| Transfer of Property, Plant and Equipment | Refer Note 7.1 | - | 11 204 |
| Transfer of Investment Property | Refer Note 9.1 | - | 101 845 |
| Expenditure from Current Employee Benefit Liabilities | Refer Note 18.1.1 | (1 245 741) | (7 525 833) |
| Expenditure from Non-current Employee Benefit Liabilities | Refer Note 18.1.2 | (1 019 458) | (958 632) |
| **Adjustment for Non-cash Transactions included in Working Capital:** | | | |
| Inventories | Refer Note 1.1 | - | (27 835) |
| Bad Debt Written-off: Exchange Receivables | Refer Note 2.1 | (3 740 612) | (863 920) |
| Bad Debt Written-off: Statutory Non-exchange Receivables | Refer Note 5.1 | (23 741 925) | (12 831 873) |
| Decrease/(Increase) in Impairment of Exchange Receivables | Refer Note 2.4 | 5 499 470 | (1 263 426) |
| Decrease/(Increase) in Impairment of Statutory Exchange Receivables | Refer Note 3.1 | (660 907) | 204 621 |
| Decrease/(Increase) in Impairment of Non-exchange Receivables | Refer Note 4.4 | (511 016) | (226 840) |
| Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables | Refer Note 5.4 | (12 956 360) | (17 861 950) |



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| Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow: | | 2023 R | 2022 R |
|---|---|---|---|
| Gains / (Losses) on Disposal of Capital Assets | Refer Note 45.1 | (571 864) | (452 375) |
| **Operating Surplus before Working Capital Changes** | | 75 597 773 | 103 218 556 |
| Decrease/(Increase) in Inventories | | 295 179 | (626 239) |
| Decrease/(Increase) in Receivables from Exchange Transactions | | 324 088 | (3 116 971) |
| Decrease/(Increase) in Statutory Receivables from Exchange Transactions | | 360 491 | (1 482 374) |
| Decrease/(Increase) in Receivables from Non-exchange Transactions | | (127 233) | (22 907) |
| Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions | | 955 094 | (5 388 010) |
| Decrease/(Increase) in Operating Lease Receivables | | (51 036) | (59 334) |
| Increase/(Decrease) in Consumer Deposits | | 432 405 | 663 741 |
| Increase/(Decrease) in Payables from Exchange Transactions | | (21 510 217) | 25 579 465 |
| Increase/(Decrease) in Unspent Conditional Grants and Receipts | | 6 075 339 | (17 517 373) |
| Increase/(Decrease) in Operating Lease Payables | | 7 391 | (1 217) |
| **Cash Generated by / (Utilised in) Operations** | | 62 359 274 | 101 247 337 |

## 49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

### 49.1 Unauthorised Expenditure

| Reconciliation of Unauthorised Expenditure: | | |
|---|---|---|
| Opening Balance: | 9 254 350 | 10 571 440 |
| Unauthorised Expenditure Current Year: | 1 018 394 | 2 527 095 |
| Approved/Condoned by Council: | (9 254 350) | (3 844 185) |
| Unauthorised Expenditure awaiting authorisation | **1 018 394** | **9 254 350** |

| Incident | Disciplinary Steps / Criminal Proceedings |
|---|---|
| **Budgeted votes exceeded:-** | |
| - Health - R67 (2022: R0) | To be condoned by Council |
| - Waste Water Management - R1 018 327 (2022: R0) | To be condoned by Council |
| - Capital Expenses - R0 (2022: R2 527 095) | Condoned by Council // No disciplinary steps taken |

### 49.2 Fruitless and Wasteful Expenditure

| | 2023 R | 2022 R |
|---|---|---|
| Reconciliation of Fruitless and Wasteful Expenditure: | | |
| Opening Balance | - | - |
| Fruitless and Wasteful Expenditure | 248 240 | - |
| - Current Year | 248 240 | |
| - Prior Year | - | |
| To be Recovered – Receivables | (248 240) | - |
| - Current Year | (248 240) | - |
| - Prior Year | | - |
| Fruitless and Wasteful Expenditure | - | - |

The fruitless and wasteful expenditure is a result of negligence by a municipal employee and has been submitted to Council. It has since been noted and referred to the Section 32 Committee and Disciplinary Committee for further investigation. The investigation has been concluded and the fruitless and wasteful expenditure is to be recovered from the employee.

| Incident | Disciplinary Steps / Criminal Proceedings | | |
|---|---|---|---|
| B Pieterse. | (refer Note 2) | 248 240.00 | - |



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**49.3 Irregular Expenditure**

| | 2023 R | 2022 R Restated |
|---|---|---|
| Reconciliation of Irregular Expenditure: | | |
| Opening Balance: | 13 590 205 | 1 099 094 |
| Irregular Expenditure Current Year: | 35 118 781 | 54 427 307 |
| - Current Year | 35 118 781 | 54 618 212 |
| - Prior Year | - | (190 905) |
| Condoned/Written-off by Council: | (45 980 973) | (41 936 196) |
| - Current Year | (32 390 767) | (40 837 102) |
| - Prior Year | (13 590 206) | (1 099 094) |
| Irregular Expenditure awaiting condonation | **2 728 013** | **13 590 205** |

The amounts disclosed for Irregular Expenditure are inclusive of VAT.

**Current Year:**

| Incident | Deviation | Disciplinary Steps / Criminal Proceedings |
|---|---|---|
| Genecom R857 600 (2022: R0) | Non compliance with SCM regulations | None |
| Rheochem (Pty) Ltd R1 410 (2022: R0) | Non compliance with SCM regulations | None |
| Asla Construction - R0 (2022: R40 091 716) | Non compliance with SCM regulations | None |
| Asla Construction - R30 356 711 (2022: R12 440 701) | Non compliance with SCM regulations | None |
| Esri - R0 (2022: R104 352) | Non compliance with SCM regulations | None |
| Esri - R0 (2022: R160 852) | Non compliance with SCM regulations | None |
| Lucromsoft - R0 (2022: R78 000) | Non compliance with SCM regulations | None |
| Hessequa Consulting Engineers - R427 582 (2022: R476 107) | Non compliance with SCM regulations | None |
| Mubesko Africa - R1 041 221 (2022: R1 179 558) | Non compliance with SCM regulations | None |
| Appointment of PA - R0 (2022: R86 926) | Non compliance with Municipal Systems Act and HR Policy | None |
| Macnay CC - R598 000 (2022: R0) | Non compliance with SCM regulations | Under Investigation |
| Preferential procurement Regulation 2022 below R30 000 (Various) - R1 836 257 (2022: R0) | Non compliance with SCM regulations | Under Investigation |

**Prior Year Restated:**

| Incident | Deviation | Disciplinary Steps / Criminal Proceedings |
|---|---|---|
| Mubesko Africa - R0 (2022: R-190 905) | Non compliance with SCM regulations | None |

**50. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION**

| | 2023 R | 2022 R |
|---|---|---|
| **50.1 MUNICIPAL FINANCE MANAGEMENT ACT** | | |
| **50.1.1 Contributions to Organised Local Government - SALGA** | | |
| Opening Balance | 1 175 438 | 2 176 402 |
| Council Subscriptions | 1 208 685 | 1 175 438 |
| Amount Paid - current year | - | - |
| Amount Paid - previous years | (1 175 438) | (2 176 402) |
| **Balance Unpaid (included in Creditors)** | **1 208 685** | **1 175 438** |
| **50.1.2 Pension and Medical Aid Deductions** | | |
| Opening Balance | - | - |
| Current Year Contributions | 30 081 334 | 29 291 296 |
| Amount Paid - current year | (30 081 334) | (29 291 296) |
| **Balance Unpaid (included in Creditors)** | **-** | **-** |
| **50.1.3 Audit Fees** | | |
| Opening Balance | 2 686 602 | 2 583 118 |
| Current year External Audit Fees | 4 393 408 | 4 095 790 |
| Amount Paid - current year | (4 366 368) | (3 992 306) |
| Amount Paid - previous years | (2 273 561) | - |
| Amount written off - previous year | (413 041) | |
| **Balance Unpaid (included in Creditors)** | **27 040** | **2 686 602** |

The prior year's amounts have been restated due to recalculations done on documentation submitted.



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| 50.1.4 PAYE, Skills Development Levy and UIF | 2023 | 2022 |
|---|---|---|
| Opening Balance | - | - |
| Current year Payroll Deductions | 16 907 357 | 17 557 686 |
| Amount Paid - current year | (15 346 053) | (17 557 686) |
| Amount Paid - previous years | - | - |
| **Balance Unpaid (included in Creditors)** | **1 561 304** | **-** |

**50.1.5 VAT**

The net of VAT input receivables and VAT output payables are shown in Note 3. All VAT returns have been submitted by the due date throughout the year.

**50.1.6 Councillor's arrear Consumer Accounts**

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

| 30 June 2023 | Total | Outstanding up to 90 days | Outstanding more than 90 days |
|---|---|---|---|
| Councillor D.Julius | 1 297 | 1 297 | - |
| Councillor F. Kees | 2 379 | 2 379 | - |
| Councillor F. Du Randt | 1 422 | 1 422 | - |
| Councillor I.H. Ferguson | 9 306 | 970 | 8 337 |
| **Total Councillor Arrear Consumer Accounts** | **14 404** | **6 067** | **8 337** |

| 30 June 2022 | Total | Outstanding up to 90 days | Outstanding more than 90 days |
|---|---|---|---|
| Councillor M.G. Du Plessis | 1 212 | - | 1 212 |
| Councillor M.G. Jonkers Du Plessis | 2 016 | - | 2 016 |
| Councillor M.J. Koch | 2 591 | - | 2 591 |
| Councillor A.M. Pokwas | 2 247 | - | 2 247 |
| Councillor B.O. Sonqwenqwe | 1 575 | - | 1 575 |
| **Total Councillor Arrear Consumer Accounts** | **9 641** | **-** | **9 641** |

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

**30 June 2023**

| Commodity | Tenderer | Reason | Amount |
|---|---|---|---|
| Goods / Services | Various (17) | Exceptional case where it is impractical or impossible to follow the official procurement processes. | 438 477 |
| Goods / Services | Various (14) | Emergency (*) | 1 183 898 |
| Goods / Services | Various (8) | Goods or services are produced or available from a sole supplier | 84 520 |
| Goods / Services | Various (2) | To ratify any minor breach of the procurement process which are of a technical nature | 5 475 |
| | | **Total:** | 1 712 370 |

(*) The amount does not include 1 case in respect of services rendered where the amount is based on a rate



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**30 June 2022**

| Commodity | Tenderer | Reason | Amount |
|---|---|---|---|
| Goods / Services | Various (10) | Exceptional case where it is impractical or impossible to follow the official procurement processes. | 2 892 404 |
| Goods / Services | Various (4) | Emergency / Urgent (*) | 408 616 |
| Goods / Services | Various (4) | Sole Supplier | 143 413 |
| Goods / Services | Various (4) | Minor Breaches | 50 000 |
| (*) The amount does not include 1 case in respect of services rendered where the amount is based on a rat | | **Total:** | 3 494 433 |

**50.1.8 Awards to close family members of persons in the service of the state**

In terms of section 45(1) of the Municipal Supply Chain Management Policy approved by the Council, the accounting officer must ensure that particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, must be disclosed in the notes to the Annual Financial Statements.

The following awards to close family members of persons in the service of the state in terms of the municipality's Supply Chain Management Policy and declared on MBD 4 were made:

| Company Name | Employee Name & Relationship | Capacity | Type of Award | Award / Purchases for the Year | Award / Purchases for the Year |
|---|---|---|---|---|---|
| Hein's Auto Elektries | J. de Jager (Brother) | Manager: Budget & Reporting & Exp | Rates Tender | 260 889 | 168 495 |
| Kemanzi | J.N. du Toit (Spouse) | Inspector: Driver Licenses | Rates Tender | 292 834 | 708 004 |
| Lebazi Brothers (Pty) Ltd | Cllr G. Lebazi (Sister) | Councillor | Direct Order | - | 45 961 |
| Khoi San Cave Holdings | G. Jansen / A. Jansen (Son/Daughter in law) | Superindentant: Law Enforcement | Direct Order | - | 16 702 |
| LSL Enterprises (Pty) Ltd | Cllr G. Lebazi (Sister) | Councillor | Rates Tender & Direct Orders | 138 122 | 25 141 |
| Masakhane Training | Q. Martin (Husband) | Sergeant | Direct Order | 78 655 | 40 453 |
| Jonathan Oktober | M. Oktober (Wife) | Cleaner | Rates Tender & Quatation | 46 896 | 150 000 |
| Molatuseli (Pty) Ltd | A. Sindloyi (Son) | Artisan: Electrical services | Direct Order | - | 14 230 |
| AH Windvogel | MPLR Windvogel (morther) | Member of Parliament | Direct Order | 5 450 | 72 025 |
| Andre Petersen | C Petersen (wife) | Secretary | Fixed Bid Price | - | 608 000 |
| Bazil Koopman | K Mitchel (Wife) | Teacher | Direct Order | 12 180 | 6 757 |
| Desmond Prins | J.Francis (Daughter) | Sterilisation Officer | Direct Order | 950 | 2 610 |
| Elmarie Goliath | N Goliath (Husband) | Chief Clerk: Acquisitions | Direct Order | - | 62 643 |
| Gert Coetzee | L. Coetzee (Wife) | Supervisor: Registration & Licensing | Direct Order | 6 200 | 5 500 |
| Paul Cupido | T. Cupido (Wife) | Cashier | Direct Order | 1 980 | 3 705 |
| Agritech SWD CC | L. Baransky (Wife) | Admin Officer: Property Management | Direct Order | 21 201 | 10 171 |
| Phillip Crafford | J. Crafford (Wife) | Sen. Administrator: Courts | Direct Order | 10 880 | 13 098 |
| Hermanus Jacobus Swart | F. Swart (brother) | Foreman: Parks & Recreation | Direct Order | 4 557 | 22 921 |
| Jacobus Cornelius Kouter | J. Kouter (Brother) | Artisan: Electrical services | Direct Order | | 7 997 |
| JM Carelse | W, Carelse (Son) | General worker:Parks | Direct Order | 82 185 | 46 707 |
| RD Beukes | D. Beukes (Mother) | Accountant: Income | Direct Order | 11 198 | 36 863 |
| Swellendam Bestuurskool | R. Blauw (Son) | Teacher | Direct Order | 3 000 | 6 000 |
| Alveo Water | Y. Daniels (Husband) | Finance and Records Officer | Fixed Bid Price | - | 359 315 |
| MG Gilomee | P. Gilomee (Wife) | Exec PA to Ald.G. Fourie | Fixed Bid Price | 29 937 | - |
| **Total Awards and/or Purchases** | | | | **1 007 114** | **2 433 298** |

For fixed bid prices the award amount is disclosed, for direct orders the order amount is disclosed and for rates tenders the actual expenditure is disclosed.



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**50.1.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA**

Material Electricity and Water Losses were as follows and are not recoverable:

| **Electricity:** | | **Lost Units** | **Tariff** | **Value** |
|---|---|---|---|---|
| **30 June 2023** | Unaccounted Electricity Losses | 4 537 634 | 1.5716 | 7 131 346 |
| **30 June 2022** | Unaccounted Electricity Losses | 5 012 896 | 1.4132 | 7 084 225 |

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

| | **2023** | **2022** |
|---|---|---|
| **Volumes in kWh/year:** | | |
| System Input Volume | 50 709 600 | 58 458 484 |
| Billed Consumption | 46 171 966 | 53 445 588 |
| | 4 537 634 | 5 012 896 |
| Percentage Distribution Loss | 8.95% | 8.58% |

| **Water:** | | **Lost Units** | **Tariff** | **Value** |
|---|---|---|---|---|
| **30 June 2023** | Unaccounted Water Losses | 526 298 | 4.2000 | 2 210 452 |
| **30 June 2022** | Unaccounted Water Losses | 649 094 | 4.0800 | 2 648 304 |

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

| | **2023** | **2022** |
|---|---|---|
| **Volumes in Kl/year:** | | |
| System Input Volume | 1 849 545 | 1 871 532 |
| Billed Consumption | 1 323 247 | 1 222 438 |
| Distribution Loss | 526 298 | 649 094 |
| Percentage Distribution Loss | 28.46% | 34.68% |

## 51. COMMITMENTS FOR EXPENDITURE

### 51.1 Capital Commitments

| | | |
|---|---|---|
| **- Approved and Contracted for:-** | **23 574 044** | **17 471 329** |
| Infrastructure | 23 574 044 | 15 269 619 |
| Community | - | 2 201 710 |
| **Total Capital Commitments** | **23 574 044** | **17 471 329** |
| This expenditure will be financed from: | | |
| Capital Replacement Reserve | 1 773 394 | 2 230 700 |
| Government Grants | 21 800 650 | 15 240 629 |
| | **23 574 044** | **17 471 329** |

The Capital Commitments are VAT inclusive.



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## 52. FINANCIAL INSTRUMENTS

| | | 2023 | 2022 |
|---|---|---|---|
| | | R | R |

### 52.1 Classification

**FINANCIAL ASSETS:**
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

| | | | |
|---|---|---|---|
| **Financial Assets at Amortised Cost:** | | | |
| Non-current Long-term Receivables | Property Rates | 57 957 | 78 622 |
| Non-current Long-term Receivables | Trading Service Debtors | 777 202 | 349 482 |
| Receivables from Exchange Transactions | Electricity | 8 864 791 | 8 661 403 |
| Receivables from Exchange Transactions | Refuse | 1 259 744 | 1 402 339 |
| Receivables from Exchange Transactions | Sewerage | 1 648 529 | 1 894 204 |
| Receivables from Exchange Transactions | Merchandising, Jobbing and Contracts | 89 607 | 17 007 |
| Receivables from Exchange Transactions | Other Service Charges | 189 247 | 436 868 |
| Receivables from Exchange Transactions | Water | 2 755 228 | 3 442 315 |
| Receivables from Exchange Transactions | Property Rental Debtors | 118 182 | 145 331 |
| Receivables from Exchange Transactions | Housing Selling Scheme | 1 134 | 1 067 |
| Receivables from Exchange Transactions | Other Debtors | - | 36 121 |
| Receivables from Exchange Transactions | Control, Clearing and Interface Accounts | 734 628 | - |
| Receivables from Non-exchange Transactions | Accrued Income | 129 538 | - |
| Receivables from Non-exchange Transactions | Electricity | 127 916 | 329 407 |
| Receivables from Non-exchange Transactions | Sewerage | 97 302 | (27 155) |
| Receivables from Non-exchange Transactions | Water | 84 831 | 10 102 |
| Cash and Cash Equivalents | Call Deposits | 17 329 376 | 55 894 108 |
| Cash and Cash Equivalents | Bank Balances | 104 439 194 | 57 424 084 |
| Cash and Cash Equivalents | Cash Floats and Advances | 4 650 | 6 171 |
| **Total Financial Assets** | | **138 709 056** | **130 101 476** |

**FINANCIAL LIABILITIES:**
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

| | | | |
|---|---|---|---|
| **Financial Liabilities at Amortised Cost:** | | | |
| Non-curent Finance Lease Obligations | Non-curent Finance Lease Obligations | 616 524 | - |
| Non-current Borrowings | Annuity Loan | 23 987 800 | 18 965 578 |
| Consumer Deposits | Electricity | 733 074 | 691 409 |
| Consumer Deposits | Water | 455 617 | 393 434 |
| Consumer Deposits | Other Deposits | 3 094 302 | 2 765 746 |
| Payables from Exchange Transactions | Other Payables | 1 841 093 | 1 725 001 |
| Payables from Exchange Transactions | Retentions | 1 249 738 | 2 113 683 |
| Payables from Exchange Transactions | Trade Creditors | 31 303 179 | 52 815 596 |
| Curent Finance Lease Obligations | Curent Finance Lease Obligations | 361 517 | - |
| Current Borrowings | Annuity Loan | 4 230 703 | 3 023 249 |
| **Total Financial Liabilities** | | **67 873 547** | **82 493 696** |

No Financial Instruments of the municipality have been reclassified during the year.



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| The gearing ratio at the year-end was as follows: | 2023<br>R | 2022<br>R |
|---|---|---|
| Debt | 29 196 544 | 21 988 827 |
| Cash and Cash Equivalents | (17 334 026) | (55 900 279) |
| Net Debt | 11 862 518 | (33 911 452) |
| Equity | 486 441 734 | 434 082 194 |
| **Net debt to equity ratio** | **2.44%** | **-7.81%** |

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

**52.2 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality’s audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

**52.3 Significant Risks**

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.



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Risks and exposures are disclosed as follows:

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Refer to Note 52.4 below for more detail

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investments held with registered financial institutions. Refer to Note 52.5 below for more detail.

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 52.6 to the Annual Financial Statements.

**52.4 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 52.6 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**52.4.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in foreign currency.

**52.4.2 Interest Rate Risk Management**

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 receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, such borrowing being below market related rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**Interest Rate Sensitivity Analysis**

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 52.6 below:



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Cash and Cash Equivalents:

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

Surplus for the year ended 30 June 2023 would have increased / decreased by R293 858 (30 June 2022: R278 907). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

**52.5 Credit Risk Management**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

**Investments/Bank, Cash and Cash Equivalents**

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

**Trade and Other Receivables**

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

| The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows: | 2023<br>R | 2022<br>R |
|---|---|---|
| Investments | - | - |
| Long-term Receivables | 835 159 | 428 104 |
| Receivables from Exchange Transactions | 31 684 177 | 37 559 212 |
| Receivables from Non-exchange Transactions | 3 055 488 | 2 495 735 |
| Bank, Cash and Cash Equivalents | 121 773 220 | 113 324 362 |
| **Maximum Credit and Interest Risk Exposure** | **157 348 043** | **153 807 413** |

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

| | % | % |
|---|---|---|
| Exchange Debtors: | | |
| - Service Debtors | 88.75% | 93.31% |
| - Other Receivables | 0.34% | 0.37% |
| - Other Debtors | 0.00% | 0.09% |
| - Other Minor Classes | 2.11% | 0.00% |
| Non-Exchange Debtors: | | |
| - Service Debtors | 8.42% | 6.23% |
| - Other not Classified | 0.37% | 0.00% |
| **Total Credit Risk** | **100.00%** | **100.00%** |



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| | | |
|---|---|---|
| **Bank and Cash Balances** | | |
| ABSA Bank Ltd | 121 768 570 | 113 318 191 |
| Cash Equivalents | 4 650 | 6 171 |
| **Total Bank and Cash Balances** | **121 773 220** | **113 324 362** |

**Credit quality of Financial Assets:**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

| | | |
|---|---|---|
| **Long-term Receivables** | | |
| High | - | - |
| Medium | 57 957 | 78 622 |
| Low | 777 202 | 349 482 |
| **Total Long-term Receivables** | **835 159** | **428 104** |
| **Receivables from Exchange Transactions** | | |
| Counterparties without external credit rating:- | | |
| High | 14 297 412 | 7 016 367 |
| Medium | 727 191 | 2 488 330 |
| Low | - | - |
| **Total Receivables from Exchange Transactions** | **15 024 603** | **9 504 696** |
| **Receivables from Non-exchange Transactions** | | |
| High | 383 944 | 49 925 |
| Medium | - | - |
| Low | - | - |
| **Total Receivables from Non-exchange Transactions** | **383 944** | **49 925** |

**Credit quality Groupings:**

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

The municipality holds deposits to the amount of R4 282 993 (2022: R3 850 589) as security for oustanding debt of its receivables.

None of the financial assets that are fully performing, have been renegotiated in the last year.

Refer to Note 2.2 for the analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired.



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**52. FINANCIAL INSTRUMENTS (Continued)**

**52.6 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. 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.

| Description | Note ref in AFS | Average Effective Interest Rate | Total | 12 Months or less | 2 - 5 Years | More than 5 Years | | |
|---|---|---|---|---|---|---|---|---|
| | # | % | R | R | R | R | R | R |
| **30 June 2023** | | | | | | | | |
| Non-interest Bearing | | | 38 677 003 | 38 677 003 | - | - | - | - |
| - Consumer Deposits | 13 | | 4 282 993 | 4 282 993 | - | - | - | - |
| - Payables from Exchange transactions | 14 | | 34 394 010 | 34 394 010 | - | - | - | - |
| Fixed Interest Rate Instruments | | | 44 207 173 | 6 463 794 | 20 743 342 | 17 000 036 | - | - |
| - Non-current Finance Lease Obligations | 16 | 10.90% | 670 451 | - | 670 451 | - | - | - |
| - Non-current Long-term Liabilities | 17 | 11.19% | 37 072 928 | - | 20 072 891 | 17 000 036 | - | - |
| - Current Finance Lease Obligations | 16 | 10.67% | 448 718 | 448 718 | - | - | - | - |
| - Current Portion of Long-term Liabilities | 17 | 10.82% | 6 015 077 | 6 015 077 | - | - | - | - |
| | | | **82 884 176** | **45 140 797** | **20 743 342** | **17 000 036** | **-** | **-** |
| **30 June 2022** | | | | | | | | |
| Non-interest Bearing | | | 60 504 870 | 60 504 870 | - | - | - | - |
| - Consumer Deposits | 13 | | 3 850 589 | 3 850 589 | - | - | - | - |
| - Payables from Exchange transactions | 14 | | 56 654 281 | 56 654 281 | - | - | - | - |
| Fixed Interest Rate Instruments | | | 32 359 513 | 5 373 656 | 16 759 747 | 10 226 110 | - | - |
| - Non-current Finance Lease Obligations | 16 | - | - | - | - | - | - | - |
| - Non-current Long-term Liabilities | 17 | 11.37% | 26 985 857 | - | 16 759 747 | 10 226 110 | - | - |
| - Current Finance Lease Obligations | 16 | - | - | - | - | - | - | - |
| - Current Portion of Long-term Liabilities | 17 | 10.64% | 5 373 656 | 5 373 656 | - | - | - | - |
| | | | **92 864 383** | **65 878 526** | **16 759 747** | **10 226 110** | **-** | **-** |

The municipality has access to financing facilities, the total unused amount which is R0 (2022: R0), at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.



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## 53. RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below.

Council contributes to the Consolidated Retirement Fund (former Cape Joint Retirement Fund) and the Municipal Retirement Fund (former South African Municipal Workers Provident Fund), which are both defined contribution funds. In terms of the schemes' rules, pension is being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

These funds are governed by the Pension Funds Act, 1956, and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R10 787 372 (2022: R10 641 013) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

## 54. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

### 54.1 Interest of Related Parties

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses as indicated below:

| Designation | Businesses | Description of Related Party Relationship | |
|---|---|---|---|
| Councillor | Barrydale Training Hup | Non-Profit Organization | Director |
| Councillor | Nerospec Pty (ltd) | Electronic Manufactoring | HOD Marketing |
| Management | Dswart Enterprises | Town House Management | Non-Executive |
| Councillor | Contemporary Arts | Art Gallery | Owner |

### 54.2 Services rendered to Related Parties

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

| 30 June 2023 | Rates Charges R | Service Charges R | Sundry Charges R | Outstanding Balances R |
|---|---|---|---|---|
| Councillors | 65 618 | 234 879 | 1 630 | 83 418 |
| Senior Managers - Section 57 Employees | 14 547 | 15 421 | 81 | 3 738 |
| **Total Services** | **80 165** | **250 300** | **1 711** | **87 156** |

| 30 June 2022 | Rates Charges R | Service Charges R | Sundry Charges R | Outstanding Balances R |
|---|---|---|---|---|
| Councillors | 69 872 | 82 855 | - | 15 462 |
| Senior Managers - Section 57 Employees | 21 378 | 12 317 | - | 3 852 |
| | | - | | |
| **Total Services** | **91 250** | **95 172** | **-** | **19 314** |

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Key Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.



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**54.3 Loans granted to Related Parties**

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

**54.4 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 33.3, 33.4 and 34 to the Annual Financial Statements.

Included in the notes of Compensation of Key Management the municipality has current employee benefit obligations and made other non-employee related cost payments towards senior management on 30 June 2023

**54.5 Purchases from Related Parties**

| | 2023 R | 2022 R |
|---|---|---|

The municipality bought goods from the following companies, which are considered to be Related

| Company Name | Related Person | Municipal Capacity | Nature of Relationship | Purchases for the Year | Purchases for the Year |
|---|---|---|---|---|---|
| LSL Enterprises | Gladys Libazi | Councillor | Sister | 138 122 | 25 141 |
| **Total Purchases** | | | | **138 122** | **25 141** |

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.

| | 2023 R | 2022 R |
|---|---|---|
| **55. CONTINGENT LIABILITIES** | | |
| **55.1 Bank Guarantees:** | **5 134 900** | **5 134 900** |
| (i) In favour of Eskom | 2 000 | 2 000 |
| (ii) In favour of Department of Minerals and Energy | 20 000 | 20 000 |
| (iii) In favour of Diale Mogashoa Inc Attorneys | 5 112 900 | 5 112 900 |
| **55.2 Court Proceedings:** | **6 720 613** | **5 583 894** |
| (i) R van Rooi - Case number C385/2016: | 22 141 | 22 141 |
| Unfair labour practice dispute - Legal cost of approximately R165 000. The outcome of the matter is still uncertain. | | |
| (ii) Royal Haskoning DHV (Pty) Ltd: | 246 639 | 246 639 |
| Contract in dispute. | | |
| (iii) Re-Solve Consulting (Pty) Ltd: | 1 744 092 | 1 774 092 |
| Contract in dispute. | | |
| iv) VAT Output Tax - Western Cape Provincial Library Grant | 4 707 741 | 3 541 022 |



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The municipality has recently become aware that it may have a VAT liability due to a technical interpretation on the treatment of VAT on library funding. The library funding is received from the Western Cape Department of Cultural Affairs (DCAS). At the date of these financial statements, the municipality, together with most other municipalities in the Western Cape, have uncertainty on this matter and are in process of seeking further clarification.

The output tax that may be payable by the municipality (including tax and penalties), which represents a possible outflow of resources embodying economic benefits to SARS as at 30 June 2023 is estimated to be R 4,707,741 (2022: R 3,541,022). According to Section 217(3) of the Tax Administration Act (TAA), the municipality may apply to The South African Revenue Service (SARS) for the reversal of the percentage penalty imposed in terms of section 213, if SARS is satisfied that the penalty which has been imposed in respect of a “first incidence” of non-compliance, reasonable grounds for the non-compliance exist; and the non-compliance in issue has been remedied, it may result in the total liability being reduced by R374,126 (2022: R292,474). Section 223 of the TAA, however, also imposes an additional understatement penalty of between 10% and 150%, with the applicable penalty based on a spectrum of behavioural criteria.

Due to uncertainty of the penalty percentage and the criteria that will be used, this additional understatement penalty is difficult to calculate and thus cannot be estimated reliably. This penalty may be waived by SARS in the case of a voluntary disclosure relief application.

## 56. CONTINGENT ASSETS

| | 2023<br>R | 2022<br>R |
|---|---|---|
| Dynarc Capital | 2 313 485 | |

The municipality and the developer are in a dispute over the developer's contributions for the Swellengrebel development. The service level agreement is not signed as a result of the possible litigation. As a result, the potential revenue is not raised yet.

## 57. IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

| | | |
|---|---|---|
| (i) | Property, plant and equipment donated by Government | 13 627 |

## 58. ANALYSIS OF PRINCIPAL / AGENCY ACCOUNTING

### 58.1 Municipality acting as the Principal

**Compensation paid for Agency Activities:**

| | | |
|---|---|---|
| Commission - Oasis Shop | 3 644 | 15 947 |
| Commission - Syntell Vending | 903 839 | 2 158 347 |
| Commission - TMT | 2 253 495 | 2 609 156 |
| **Total Compensation Paid** | **3 160 978** | **4 783 450** |

#### *58.1.1 Sale of Prepaid Electricity*

The municipality paid 5% commission up until August 2022 and from 01 September 2022 1.4% on the rand value of pre-paid electricity sales as reflected in the Syntell Vending Gateway reports. Syntell exclusively dispense and sell pre-paid electricity on behalf of the municipality. As per the agreed terms of conditions of a contract entered between the parties for a 5 year period which is due to lapse on 30 June 2027.

An amount of R66 322 (2022: R234 594) vat inclusive was due to Syntell at financial year-end and included under note 14, Payables from Exchange.

The resources of Syntell, remain their own and do not form part of the municipality’s Financial Statements.

No resource and/or cost implications on the municipality as no new service provider will be appointed.

#### *58.1.2 Traffic Fines collection and equipment*

The municipality entered into an agreement with TMT for the supply, deliver and administrative support of traffic fines collections and camera equipment with related operational support. The contract is for a 3 year period which lapsed on 30 June 2023.

An amount of R260 842 (2022: R291 667) VAT inclusive was due to TMT at financial year-end and included under note 14, Payables from

The resources of TMT, remain their own and do not form part of the municipality’s Financial Statements.

No resource and/or cost implications on the municipality as no new service provider will be appointed.



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***58.1.3 Sale of Prepaid Electricity***

The municipality Swellendam Municipality paid 2% commission on the rand value of pre-paid electricity sales. Oasis Shop dispense and sell pre-paid electricity on behalf of the municipality. As per the agreed terms of conditions of a contract entered between the parties for a 3 year period which is due to lapse on 30 June 2021, but it is extended untill 12 September 2022.

No amount (2022: R1 119 (No VAT)) was due to Oasis Shop at financial year-end and included under note 14, Payables from Exchange.

The resources of Oasis Shop, remain their own and do not form part of the municipality's Financial Statements.

No resource and/or cost implications on the municipality when the contract was terminated. This was a third-party vending outlet that was cancelled and replaced by Syntell vendors.

**58.2 Municipality acting as the Agent**

***58.2.1 Motor Vehicle Licensing and Registration***

The municipality acts as agent for the Western Cape's Department of Transport and Public Works where it provides motor vehicle registration and licensing services on behalf of the department.

**(a) Details of the Arrangement are as follows:**

The Municipality undertakes to render Motor Vehicle Licensing Services on behalf of the Western Cape Department of Transport and Transport, and collects a commission of 12% plus VAT.

**(b) Resources held on behalf of the Principal, but recognised in the municipality's own Financial Statements:**

The Resources regarding the Licensing Department, remain their own and do not form part of the municipality's Financial Statements.

**(c) Revenue Recognised:**

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R2 728 397 (2022: R2 605 765).

**(d) Category of Revenue received or to be received on behalf of the Principal, are:**

| Categories | Additional Details |
|---|---|
| Licensing Fees | Income collected on behalf of DOT and Provincial Transport for Motor Vehicle Registration |

**(e) Category(ies) of Expenses paid or accrued on behalf of the Principal, are:**

The municipality does not incur any expenses on behalf of the principal.

| **(h) Amount of Revenue received on behalf of the Principal during the Reporting Period:** | **2023** | **2022** |
|---|---|---|
| | **R** | **R** |
| Motor Vehicle Licence Fees & RTMC Transaction Fees | 16 389 171 | 15 869 990 |
| **(i) Reconciliation of the Carrying Amount of Payables:** | | |
| Opening Balance | (78 304) | 10 481 |
| Revenue Received on behalf of the Principal | 16 389 171 | 15 869 990 |
| Amounts Transferred to the Principal | (16 326 541) | (15 958 775) |
| Closing Balance | (15 674) | (78 304) |



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## 59. EVENTS AFTER THE REPORTING DATE

**Non-Adjusting**

59.1 On 16 August 2023 the Main building of the Municipality situated at 49 Voortrekker road, Swellendam, was destroyed by a fire.

| The carrying value R2 100 144 of assets lost in the fire can be summarised as follows: | 2023<br>R | 2022<br>R |
|---|---|---|
| Building | 1 006 199 | |
| Movable Assets | 1 093 945 | |
| | **2 100 144** | |

The building and its content were ensured to the value of R20 000 000 and an insurance claim has been lodged by the municipality.

**59.2** During September 2023 there were subsequent fire and damage to the Thusong Centre and other movable assets.

| The carrying value R2 675 749 of assets lost in the fire and damage can be summarised as follows: | |
|---|---|
| Building | 2 491 325 |
| Movable Assets | 184 423 |
| | **2 675 749** |

## 60. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 50.).

## 61. OTHER EXTRA-ORDINARY DISCLOSURES

### 61.1 COVID-19 EXPENDITURE

**COVID-19 in South Africa**

Although the coronavirus was international news since December 2019, it was only on 5th March 2020 that the South African National Institute for Communicable Diseases confirmed that a suspected case of COVID-19 had tested positive. On 23rd March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30th March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

| The table below indicates the total COVID-19 response expenditure (inclusive of VAT where applicable) for the period ending 30 June 2023: | 2023<br>R | 2022<br>R |
|---|---|---|
| **COVID-19 EXPENDITURE** | | |
| **Operating Expenditure** | | |
| Materials and supplies | 27 547 | 1 334 259 |
| **Total Operating Expenditure** | **27 547** | **1 334 259** |
| **Total COVID-19 Expenditure** | **27 547** | **1 334 259** |

The table below indicates the Funding Sources for the total COVID-19 response expenditure (inclusive of VAT where applicable) for the period ending 30 June 2023:

| **COVID-19 FUNDING** | | |
|---|---|---|
| **Funding Sources for COVID-19 Expenditure** | | |
| Own Funding | 25 173 | - |
| Library Service: Replacement Funding for most vulnerable B3 municipalities | 2 375 | - |
| Equitable Share | - | 1 334 259 |
| **Total Funding for COVID-19 Expenditure** | **27 547** | **1 334 259** |



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## 62. GOING CONCERN ASSESSMENT

The COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant component of the institutions which operate therein.

Management of the municipality is however of the opinion that regardless of the possible effect of the COVID-19 pandemic, the municipality will continue to operate for the foreseeable future, which is usually regarded as at least the next 12 months from the reporting date, however not limited to this timeframe.

Management also considered the following matters in relation to the Going Concern position of Swellendam Municipality:

(i) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(ii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iii) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.



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## 63. SEGMENT REPORTING

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has five primary reportable segments:

- **The segment for Municipal Governance and Administration Services:-**
  - This segment consists of services such as executive services, support services to the executive and finance & administration services.

- **The segment for Community and Public Safety Services:-**
  - This segment consists of all services for community & social development, public safety and sport & recreation.

- **The segment for Economic and Environmental Services:-**
  - This segment consists of environmental services such as planning & development, environmental protection and roads & storm water.

- **The segment for Trading Services:-**
  - This segment consists of the following infrastructure and consumer services delivered to the community.

- **The segment for Other Services:-**
  - This segment consists of minor services rendered in the municipal jurisdiction area, e.g tourism and other licensing services.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments. Assets and liabilities are not monitored and reported on.

Inter-business unit services are set off against each other as internal charges, and are therefore eliminated and not reported in Segment Reporting. The quality of services provided internally is monitored as part of the service performance information.

The municipality operates within the following geographical areas:

| Ward | Area |
|---|---|
| 1 | Town of Swellendam and surrounding farms |

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.



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### 63.1 Segmental Analysis of Financial Performance

**Year Ended 30 June 2023**

| Description | Governance and Administration | Community and Public Safety | Economic and Environmental | Trading Services | Total for Municipality |
|---|---|---|---|---|---|
| | R | R | R | R | R |
| **REVENUE** | | | | | |
| **Revenue from Non-exchange Transactions** | | | | | |
| Property Rates | 50 115 614 | - | - | - | 50 115 614 |
| Fines, Penalties and Forfeits | 112 163 | 42 126 269 | - | 275 369 | 42 513 801 |
| Transfers and Subsidies | 28 178 072 | 36 100 350 | 7 245 233 | 32 248 369 | 103 772 024 |
| Surcharges and Taxes | - | - | 954 688 | - | 954 688 |
| Service Charges | - | - | - | 3 313 585 | 3 313 585 |
| Interest, Dividends and Rent on Land Earned | 325 152 | - | - | - | 325 152 |
| **Revenue from Exchange Transactions** | | | | | |
| Licences and Permits | 43 472 | 1 256 419 | - | - | 1 299 891 |
| Service Charges | - | 31 174 | - | 152 087 118 | 152 118 292 |
| Sales of Goods and Rendering of Services | 656 380 | 897 335 | 1 293 638 | 52 753 | 2 900 106 |
| Income from Agency Services | 19 597 | 2 708 800 | - | - | 2 728 397 |
| Rental from Fixed Assets | - | 916 377 | - | - | 916 377 |
| Interest, Dividends and Rent on Land Earned | 7 793 893 | - | - | 1 744 101 | 9 537 994 |
| Operational Revenue | 3 830 919 | 37 550 | 47 973 | 249 123 | 4 165 565 |
| Gains on Disposal of Property, Plant and Equipment | 333 897 | - | - | - | 333 897 |
| **Total Revenue** | **91 409 159** | **84 074 274** | **9 541 531** | **189 970 417** | **374 995 382** |
| **EXPENDITURE** | | | | | |
| Employee Related Costs | 44 798 992 | 26 827 637 | 14 687 123 | 22 170 169 | 108 483 920 |
| Remuneration of Councillors | 5 607 289 | - | - | - | 5 607 289 |
| Depreciation and Amortisation | 1 557 896 | 1 107 946 | 3 312 217 | 8 642 320 | 14 620 379 |
| Impairment Losses | (1 725 921) | 34 826 960 | - | 3 857 439 | 36 958 478 |
| Interest, Dividends and Rent on Land | 854 190 | 61 555 | 753 810 | 7 443 090 | 9 112 644 |
| Bulk Purchases | - | - | - | 79 694 101 | 79 694 101 |
| Contracted Services | 10 548 833 | 3 976 330 | 8 529 292 | 6 303 295 | 29 357 750 |
| Inventory Consumed | 1 853 000 | 1 168 700 | 884 307 | 12 497 313 | 16 403 320 |
| Transfers and Subsidies Paid | 230 350 | - | 200 000 | - | 530 350 |
| Operating Leases | 329 120 | 2 955 | 3 511 | - | 335 586 |
| Operational Costs | 19 928 294 | 1 030 012 | 880 573 | 3 327 637 | 25 560 914 |
| Loss on Disposal of Property, Plant and Equipment | 1 051 528 | - | - | - | 1 051 528 |
| **Total Expenditure** | **85 033 572** | **69 002 094** | **29 250 833** | **143 935 363** | **327 716 260** |
| **Other Operations:** | | | | | |
| Gains on Other Operations | 5 080 418 | - | - | - | 5 080 418 |
| **Surplus/(Deficit) for the Year** | **11 456 005** | **15 072 180** | **(19 709 302)** | **46 035 054** | **52 359 540** |
| Capital Expenditure | 2 276 980 | 2 791 589 | 27 031 889 | 32 683 539 | 64 783 997 |



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**Year Ended 30 June 2022**

| Description | Governance and Administration | Community and Public Safety | Economic and Environmental | Trading Services | Total for Municipality |
|---|---|---|---|---|---|
| | R | R | R | R | R |
| **REVENUE** | | | | | |
| **Revenue from Non-exchange Transactions** | | | | | |
| Property Rates | 45 860 086 | - | - | - | 45 860 086 |
| Fines, Penalties and Forfeits | 193 993 | 45 025 640 | - | 59 438 | 45 279 071 |
| Transfers and Subsidies | 34 941 069 | 65 957 588 | 310 143 | 45 043 992 | 146 252 792 |
| Surcharges and Taxes | - | - | - | - | - |
| Service Charges | - | - | - | 3 267 241 | 3 267 241 |
| Interest, Dividends and Rent on Land Earned | 204 529 | - | - | - | 204 529 |
| **Revenue from Exchange Transactions** | | | | | |
| Licences and Permits | 38 744 | 1 247 086 | - | - | 1 285 830 |
| Service Charges | - | 32 645 | - | 150 430 953 | 150 463 598 |
| Sales of Goods and Rendering of Services | 792 244 | 893 713 | 1 572 684 | 7 931 | 3 266 572 |
| Income from Agency Services | 14 426 | 2 591 340 | - | - | 2 605 765 |
| Rental from Fixed Assets | 435 544 | 368 797 | - | - | 804 341 |
| Interest, Dividends and Rent on Land Earned | 4 779 469 | - | - | 1 598 945 | 6 378 414 |
| Operational Revenue | 259 421 | 142 840 | - | 720 092 | 1 122 353 |
| Gains on Disposal of Property, Plant and Equipment | 390 900 | - | - | - | 390 900 |
| **Total Revenue** | **87 910 426** | **116 259 648** | **1 882 827** | **201 128 592** | **407 181 493** |
| **EXPENDITURE** | | | | | |
| Employee Related Costs | 47 711 135 | 22 676 516 | 12 684 582 | 25 346 607 | 108 418 840 |
| Remuneration of Councillors | 5 616 109 | - | - | - | 5 616 109 |
| Depreciation and Amortisation | 1 533 413 | 746 311 | 2 249 470 | 9 820 463 | 14 349 657 |
| Impairment Losses | (1 287 125) | 30 440 150 | - | 3 718 197 | 32 871 222 |
| Interest, Dividends and Rent on Land | 3 210 642 | - | - | 2 461 166 | 5 671 809 |
| Bulk Purchases | - | - | - | 82 612 883 | 82 612 883 |
| Contracted Services | 8 494 814 | 10 350 007 | 4 548 797 | 6 977 850 | 30 371 469 |
| Inventory Consumed | 505 170 | 1 219 561 | 3 445 332 | 11 541 988 | 16 712 050 |
| Transfers and Subsidies Paid | 230 712 | 214 957 | - | - | 445 669 |
| Operating Leases | 1 267 853 | 87 918 | 94 597 | 90 190 | 1 540 557 |
| Operational Costs | 15 445 708 | 1 960 816 | 860 160 | 6 104 376 | 25 162 530 |
| Loss on Disposal of Property, Plant and Equipment | 1 453 795 | - | - | - | 1 453 795 |
| **Total Expenditure** | **84 182 227** | **67 696 235** | **23 882 937** | **148 673 720** | **325 226 589** |
| **OTHER REVENUE / EXPENDITURE INCURRED** | | | | | |
| **Other Operations:** | | | | | |
| Gains on Other Operations | 2 851 920 | - | - | - | 2 851 920 |
| **Surplus/(Deficit) for the Year** | **6 580 118** | **48 563 413** | **(22 000 110)** | **52 454 873** | **84 806 824** |
| Capital Expenditure | 4 031 415 | 13 050 452 | 34 643 470 | 45 934 573 | 97 659 911 |



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