



**Annual Financial Statements
for the year ended 30 June 2022**

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

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Abbreviation

GRAP	Generally Recognised Accounting Practice
ADM	Amathole District Municipality
NT	National Treasury
PT	Eastern Cape Provincial Treasury
DWS	Department of Water and Sanitation
AEDA	Amathole Economic Development Agency SOC Limited t/a ASPIRE
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
WSIG	Water Services Infrastructure Grant
EPWP	Expanded Public Works Programme
NDPG	Neighbourhood Development Programme Grant

VAT

Value Added Taxation

Amathole District Municipality

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General Information

Mayoral Committee

Executive Mayor	Ndikinda, N
Speaker	Mgidlana, N
Chief Whip	Mfencane, N.O
Councillors	Madikane, B.A (Corporate Services Human Resources Management) Mngxaso, X (Spatial Planning and Economic Development) Rulashe, N (Strategic Management and Development) Ketelo, B. (Special Programmes) Maneli, K.C. (Community Services) Fumanekile, P. (Budget and Treasury) Nyathela, N (Engineering and Infrastructure Services)

Grading and Jurisdiction

Grade 6

- Integrated development planning for the District Municipality as a whole including a framework for all municipalities in the area
- Potable water supply system
- Domestic waste-water and sewerage disposal systems
- Solid waste disposal sites, in so far as it relates to :
 - determining a waste disposal strategy
 - regulation of waste disposal
- Municipal Health Services
- Fire fighting services serving the area
- Promotion of local tourism area
- The receipt and allocation of grants

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the former homeland areas of the Ciskei and Transkei, as well as the former Cape.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Provincial Administration areas

The Amathole District Municipality's demarcated area is made up of six (6) local municipalities namely :

Amahlathi Municipality

Great Kei Municipality

Mbhashe Municipality

Mnquma Municipality

Ngqushwa Municipality

Raymond Mhlaba Municipality (formerly Nxuba and Nkonkobe municipalities)

LEGISLATION

The ADM complies with the following key and other related pieces of legislation :

Municipal Finance Management Act 56 of 2003

Municipal Demarcation Act 27 of 1998

Municipal Structures Act 117 of 1998

Laws Amendment Act 51 of 2002

Constitution of the Republic of South Africa Act No. 108 as amended

Municipal Systems Act 32 of 2000

Water Service Act 108 of 1997

Basic Conditions of Employment Act 75 of 1997

Labour Relations Act 66 of 1995

Remuneration of the Public Office Bearers Act 20 of 1998

Division of Revenue Act 9 of 2022

Housing Act 107 of 1997

Local government transitions Act 209 of 1993

Local government transitions Act Second 97 of 1996

Local government: Municipal Planning and Performance Management Regulations 2001

Local government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006

Supply Chain Management Regulations 2005

Value Added Tax Act 89 of 1991, and

Unemployment Insurance Act 30 of 1996

Municipal Manager

Dr T.T. Mnyimba

Office number

043 701 2257

Email

thandekilem@amathole.gov.za

Business address

Waverly Office Park
No 3 - 33 Phillip Frame Road
Chiselhurst
5247

Postal address

PO Box 320
East London
5200

Banker

NedBank Limited
First floor Nedbank Building Cedar Square
Bonza Bay Road
Beacon Bay
East London
5241

Amathole District Municipality

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General Information

Auditors

Auditor General of South Africa
69 Frere Road
Trust Building ,Vincent
East London
5217
Registered Auditors

Councillors

Kondile, P.P	Mbhashe Local Municipality
Tyodana, X	Mbhashe Local Municipality
Nkomonye, N	Mbhashe Local Municipality
Genyane, C	Mbhashe Local Municipality
Mkhedamo, N .M	Mbhashe Local Municipality
Ganda, N	Mbhashe Local Municipality
Mboxela, Z	Mbhashe Local Municipality
Ndlodaka, N.N	Mbhashe Local Municipality
Pakamile,S.H	Great Kei Municipality
Paliso, N	Mnquma Local Municipality
Sobekwa, Z	Mnquma Local Municipality
Ntsonga, G.T	Mnquma Local Municipality
Ntyinkala, T	Mnquma Local Municipality
Nkehle, V	Mnquma Local Municipality
Maputeni, S	Mnquma Local Municipality
Manxodidi, V	Mnquma Local Municipality
Maputuma, L. L	Mnquma Local Municipality
Bantam, E	Raymond Mhlaba Municipality
Klaas, N	Raymond Mhlaba Municipality
Matayo, M	Raymond Mhlaba Municipality
Magxwalisa, S	Raymond Mhlaba Municipality
Auld, A.A	Raymond Mhlaba Municipality
Maneli, S	Ngqushwa Local Municipality
Ncanywa, D	Ngqushwa Local Municipality
Ndonga, Z	Ngqushwa Local Municipality
Sotshononda, N	MPAC Chairperson
Bungeni, Z.G	Proportional Representative
Geza, N	Proportional Representative
Plika, L.T	Proportional Representative
Tima, P	Proportional Representative
Lombard, J	Proportional Representative
Mpepo, O	Proportional Representative
Mavuso, S	Proportional Representative
Sitole, P.S	Proportional Representative
Qonto, Z.A	Proportional Representative
Qaba, P	Proportional Representative
Ngxakangxaka, N	Proportional Representative

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the period and the results of its operations and cash flows for the period ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, he sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Amathole District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Acting Municipal Manager

Chief Financial Officer

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	Restated 2021
Assets			
Current Assets			
Inventories	12	132 461 116	16 304 809
Receivables from exchange transactions	13	228 773 200	205 838 589
Receivables from non- exchange transactions	14	32 853 987	244 118
Current investment	15	7 137 129	-
Cash and cash equivalents	16	219 516 665	84 580 828
		620 742 097	306 968 344
Non - Current Assets			
Investment property	3	146 960 904	147 318 517
Property, plant and equipment	4	4 861 345 272	4 696 569 267
Intangible assets	5	941 068	941 068
Heritage assets	6	400 000	400 000
Investments in controlled entities	7	1 000	1 000
Non - current Investments	19	-	5 000 000
Non current receivables	8	1 603 760	1 603 760
		5 011 252 003	4 851 833 611
Total Assets		5 631 994 100	5 158 801 955
Liabilities			
Current Liabilities			
Current portion of employee benefit obligation	9	5 660 000	5 751 000
Finance lease obligation	17	-	159 156
Payables from exchange transactions	21	548 266 651	520 535 065
Taxes and transfers payable (non - exchange)	22	8 910 768	9 697 592
VAT Payable	56	154 434 629	105 504 835
Consumer deposits	23	3 615 344	3 319 864
Unspent conditional grants and receipts	18	120 876 257	35 641 906
Provisions	20	153 446 412	148 675 882
		995 210 060	829 285 301
Non- current Liabilities			
Operating lease liability		1 108 776	-
Employee benefit obligation	10	187 914 890	177 126 560
Non- current provision	11	10 914 865	10 345 844
		199 938 531	187 472 404
Total Liabilities		1 195 148 592	1 016 757 705
Net Assets		4 436 845 509	4 142 044 240
Reserves			
Accumulated surplus		4 436 845 509	4 142 044 240
Total Net Assets		4 436 845 509	4 142 044 240

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance for the year ending 30 June 2022

Figures in Rand	Note(s)	2022	Restated 2021
Revenue			
Revenue from exchange transaction			
Service charges	25	524 320 833	414 079 881
Rental of facilities and equipment	26	238 896	288 759
Interest earned outstanding receivables	52	54 007 092	67 560 222
Other income	27	3 257 899	2 617 920
Interest received - Investment	28	13 551 978	9 998 857
Total revenue from exchange transaction		595 376 698	494 545 639
Revenue from non - exchange transaction			
Donations received	58	53 680	-
Transfer revenue			
Government grants & subsidies	29	1 511 374 931	1 511 872 399
Total revenue from non - exchange transaction		1 511 428 611	1 511 872 399
Total revenue	24	2 106 805 309	2 006 418 039
Expenditure			
Employee related costs	30	(679 156 667)	(710 465 724)
Remuneration of councillors	31	(14 716 460)	(16 233 645)
Depreciation, amortisation and impairment	32	(95 395 617)	(194 809 756)
Finance costs	33	(33 398 986)	(37 083 447)
Debt impairment	34	(473 003 000)	(498 546 185)
Collection costs		-	(41 550)
Repairs and maintenance	54	(30 248 876)	(23 880 959)
Contracted services	35	(73 626 988)	(93 022 901)
Transfers and grants expenditure	57	(10 810 631)	(16 521 255)
Inventory consumed	36	(190 670 378)	(380 807 748)
Operational costs	37	(220 695 693)	(205 904 202)
Total expenditure		(1 821 723 297)	(2 177 317 371)
Operating surplus		285 082 012	(170 899 333)
Loss on disposal of assets	53	(2 464 792)	(6 831 773)
Actuarial gains	10	12 184 664	20 892
Surplus/(Deficit) for the year		294 801 885	(177 710 214)

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total Net Assets
Opening balance as previously reported	4 105 060 666	4 105 060 666
Prior period errors (Note 45)	214 693 788	214 693 788
Balance at 01 July 2020 as restated	4 319 754 454	4 319 754 454
Deficit for the 30 June 2021	(177 710 214)	(177 710 214)
Total changes	(177 710 214)	(177 710 214)
Balance at 01 July 2021 as restated	4 142 044 240	4 142 044 240
Surplus for the year	294 801 885	294 801 885
Balance at 30 June 2022	4 436 846 125	4 436 846 124

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement for the year ended 30 June 2022

Figures in Rand	Note(s)	2022	Restated 2021
Cash flows from operating activities			
Receipts			
Service charges		(4 226 647)	27 356 928
Grants		1 596 609 282	1 516 277 088
Interest income		67 559 070	77 559 079
Other receipts		3 550 475	2 906 679
		1 663 492 180	1 624 099 774
Payments			
Employee costs		(683 895 634)	(671 214 536)
Suppliers		(564 364 388)	(819 854 888)
Finance costs		(15 720 608)	(7 370 718)
		(1 263 980 630)	(1 498 440 142)
Net cash flows from operating activities	39	399 511 550	125 659 632
Cash flow from investing activities			
Purchase of property, plant and equipment	4	(262 279 428)	(227 204 602)
Proceeds from sale of property, plant and equipment	4	-	-
Movement in investment property		-	617 152
Increase in current investment		(2 137 129)	(2 862 400)
Net cash flows from investing activities		(264 416 557)	(229 449 850)
Cash flow from financing activities			
Finance lease payments		(159 156)	(295 495)
Net cash flows from financing activities		(159 156)	(295 495)
Net increase/(Decrease) in cash and cash equivalents		134 935 837	(104 085 713)
Cash and cash equivalent at the beginning of the year		84 580 828	188 666 538
Cash and cash equivalent at the end of the year	16	219 516 665	84 580 824

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 61
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transaction						
Service charges	624 582 245	(8 527 429)	616 054 816	524 320 833	(91 733 983)	1
Rental of facilities and equipment	350 297	-	350 297	238 896	(111 401)	2
Interest earned outstanding receivables	98 639 457	-	98 639 457	54 007 092	(44 632 365)	3
Other income	8 905 641	1 689 433	10 595 074	3 257 899	(7 337 175)	4
Interest received - Investment	18 717 004	-	18 717 004	13 551 978	(5 165 026)	5
Total revenue from exchange transaction	751 194 644	(6 837 996)	744 356 648	595 376 698	(148 979 949)	
Revenue from non - exchange transaction						
Donations received	-	-	-	53 680	53 680	
Transfer revenue						
Government grants & subsidies	1 636 531 998	2 649 841	1 639 181 839	1 511 374 931	(127 806 908)	6
Total revenue from non - exchange transaction	1 636 531 998	2 649 841	1 639 181 839	1 511 428 611	(127 753 227)	
Total revenue	2 387 726 642	(4 188 156)	2 383 538 486	2 106 805 309	(276 733 177)	
Expenditure						
Employee related costs	752 289 446	(11 203 696)	741 085 750	(679 156 667)	61 929 083	7
Remuneration of councillors	18 707 666	(7 112 909)	11 594 757	(14 716 460)	(3 121 703)	8
Depreciation and amortisation	190 856 053	(1 817 540)	189 038 513	(95 395 617)	93 642 896	9
Finance costs	94 471	-	94 471	(33 398 986)	(33 304 515)	10
Debt impairment	435 959 518	(20 794 968)	415 164 550	(473 003 000)	(57 838 450)	11
Collection costs	-	-	-	-	-	12
Repairs and maintenance	27 983 904	3 284 699	31 268 603	(30 248 876)	1 019 727	13
Contracted services	107 448 561	33 911 449	141 360 010	(73 626 988)	67 733 022	14
Inventory consumed	189 468 551	(140 404 804)	49 063 747	(190 670 378)	(141 606 631)	15
Transfers and grant expenditure	10 000 008	1 890 279	11 890 287	(10 810 631)	1 079 656	16
Operational costs	187 932 840	1 038 986	188 971 826	(220 695 693)	(31 723 867)	17
Total expenditure	1 920 741 018	(141 208 504)	1 779 532 514	(1 821 723 297)	(42 190 783)	
Operating surplus	466 985 624	137 020 348	604 005 972	285 082 012	(318 923 960)	
Actuarial gain	-	-	-	12 184 664	12 184 664	18
Loss on disposal of assets	-	-	-	(2 464 792)	(2 464 792)	19
Surplus/(deficit) for the year	466 985 624	137 020 348	604 005 972	294 801 884	(309 204 088)	
Actual Amount on Comparable basis	466 985 624	137 020 348	604 005 972	294 801 884	(309 204 088)	

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 61
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	30 914 168	317 858 287	348 772 455	132 461 116	(216 311 339)	1
Receivables from exchange transactions	285 552 757	(84 701 539)	200 851 218	228 773 200	27 921 982	2
Receivables from non- exchange transactions	167 461 019	(66 912 841)	100 548 178	32 853 987	(67 694 191)	3
VAT receivable	-	-	-	7 137 129	7 137 129	4
Cash and cash equivalents	420 608 915	206 749 742	627 358 656	219 516 665	(407 841 991)	5
	904 536 858	372 993 649	1 277 530 507	620 742 097	(656 788 410)	
Non - Current Assets						
Investment property	149 514 966	(2 709 174)	146 805 792	146 960 904	155 112	6
Property, plant and equipment	5 254 418 557	(646 247 108)	4 608 171 449	4 861 345 272	253 173 823	7
Intangible assets	2 821 653	10 258 563	13 080 216	941 068	(12 139 148)	8
Heritage assets	401 070	-	401 070	400 000	(1 070)	46 - 89
Non - current investments	-	-	-	-	-	9
Investments in controlled entities	-	-	-	1 000	1 000	90 - 105
Non - current receivables	-	-	-	1 603 760	1 603 760	
	5 407 156 246	(638 697 719)	4 768 458 527	5 011 252 003	242 793 476	
Total Assets	6 311 693 104	(265 704 070)	6 045 989 034	5 631 994 100	(413 994 934)	
Liabilities						
Current Liabilities						
Current portion: Employee benefit obligation	-	-	-	5 660 000	5 660 000	19
Finance lease obligation	274 811	(115 655)	159 156	-	(159 156)	10
Payables from exchange transactions	262 380 442	509 540 155	771 920 597	548 266 651	(223 653 946)	11
Taxes and transfers payable (non - exchange)	274 954	(17 987)	256 967	8 910 768	8 653 801	12
VAT payable	227 045 660	21 380 951	248 426 611	154 434 629	(93 991 982)	13
Consumer deposits	3 397 293	(77 429)	3 319 864	3 615 344	295 480	14
Unspent conditional grants and receipts	33 256 592	2 934 223	36 190 815	120 876 257	84 685 442	15
Provisions	147 256 508	31 808 650	179 065 158	153 446 412	(25 618 746)	16
	673 886 260	565 452 908	1 239 339 168	995 210 060	(244 129 108)	
Non- current Liabilities						
Finance lease obligation	-	-	-	-	-	17
Operating lease liability	1 894 587	(1 939 298)	(44 711)	1 108 776	1 153 487	18
Non-Current provision	-	-	-	10 914 865	10 914 865	
Employee benefit obligation	204 279 076	12 775 055	217 054 131	187 914 890	(29 139 241)	19
	206 173 663	10 835 757	217 009 420	199 938 531	(17 070 889)	
Total Liabilities	880 059 923	576 288 665	1 456 348 588	1 195 148 592	(261 199 996)	
Net Assets	5 431 633 181	(841 992 735)	4 589 640 446	4 436 845 509	(152 794 937)	-
Accumulated surplus	5 405 640 873	(816 000 427)	4 589 640 446	4 436 845 509	(152 794 937)	
Total Net Assets	5 405 640 873	(816 000 427)	4 589 640 446	4 436 845 509	(152 794 937)	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 61
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service charges	458 937 590	(147 537 914)	311 399 676	(4 226 647)	(315 626 323)	
Grants	1 582 676 724	(827 836 255)	754 840 469	1 596 609 282	841 768 813	
interest income	39 455 784	(39 455 784)	-	67 559 070	67 559 070	
Other receipts	8 365 372	132 535 468	140 900 840	3 550 475	(137 350 365)	
	2 089 435 470	(882 294 485)	1 207 140 985	1 663 492 180	456 351 195	
Payments						
Employee costs	(752 289 446)	11 203 696	(741 085 750)	(683 895 634)	57 190 116	
Suppliers	(1 418 917 810)	1 034 329 899	(384 587 911)	(564 364 388)	(179 776 477)	
Finance costs	(94 488)	-	(94 488)	(15 720 608)	(15 626 120)	
	(2 171 301 744)	1 045 533 595	(1 125 768 149)	(1 263 980 630)	(138 212 481)	
Net cash flows from operating activities	(81 866 275)	163 239 111	81 372 836	399 511 550	318 138 714	1
Cash flow from investing activities						
Purchase of property, plant and equipment	-	-	-	(262 279 428)	(262 279 428)	
Proceeds from sale of property, plant and equipment	-	(241 378 775)	(241 378 775)	-	241 378 775	
Increase in current investments	-	-	-	(2 137 129)	(2 137 129)	
	-	-	-	-	-	
Net cash flows from investing activities	-	(241 378 775)	(241 378 775)	(264 416 557)	-23 037 782	2
Cash flow from financing activities						
Proceeds from consumer deposits	-	-	-	-	-	
Repayment of other financial liabilities	-	-	-	(159 156)	(159 156)	
Net cash flows from financing activities	-	-	-	(159 156)	(159 156)	3
Net increase/(Decrease) in cash and cash equivalents	(81 866 275)	(78 139 640)	(160 005 914)	134 935 837	294 941 751	
Cash and cash equivalent at the beginning of the year	205 458 871	(114 627 652)	90 831 219	84 580 828	(6 250 391)	
Cash and cash equivalent at the end of the year	123 592 597	(192 767 292)	(69 174 695)	219 516 665	288 691 360	

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Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Reportable Segments for the year ended

Segments by Function

Revenue	Water Service Authority	Sanitation	Fire Services	Total of Segments
External Revenue from Non-Exchange transactions	500 987 000	-	-	500 987 000
External Revenue from Exchange Transactions	371 633 659	145 441 810	7 245 365	524 320 833
Revenue from exchange with other Segments	-	-	-	-
Interest Revenue	39 510 047	14 497 046	-	54 007 092
Material items of Revenue	-	-	-	-
	912 130 705	159 938 855	7 245 365	1 079 314 925
Expenses				
Interest Expense	147 264	-	555	147 819
Depreciations and Amortisation	3 442 628	583	146 124	3 589 335
Material Items of Expenses	100 864 660	2 217 611	34 673 121	137 755 392
Material Items of Non-Cash Items	87 691 568	10 292 115	27 601 582	125 585 265
	192 146 120	12 510 309	62 421 382	267 077 811
Surplus / (Deficit)	719 984 585	147 428 546	(55 176 017)	812 237 114
Assets	4 525 337 461	197 921 755	1 589 392 988	6 312 652 204
Liabilities	(897 766 179)	(301 179)	(1 125 864)	(899 193 222)

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46 - 89

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Amathole District Municipality

Annual Financial Statements for the period ended 30 June 2022

Reportable Segments for the year ended

Segment Reconciliation

Revenue	Total of Segments (A)	(B -A)	Entire Wide Information (B)
External Revenue from Non-Exchange transactions	500 987 000	1 010 441 611	1 511 428 611
External Revenue from Exchange Transactions	524 320 833	3 496 795	527 817 628
Revenue from exchange with other Segments	-	-	-
Interest Revenue	54 007 092	13 551 978	67 559 070
Material items of Revenue	-	12 184 664	12 184 664
	1 079 314 925	1 039 675 048	2 118 989 973
Expenses			
Interest Expense	147 819	33 251 167	33 398 986
Depreciations and Amortisation	3 589 335	91 806 282	95 395 617
Materials Items of Expenses	137 755 392	1 084 465 137	1 222 220 529
Material Items of Non-Cash Items	125 585 265	347 587 691	473 172 956
	267 077 811	1 557 110 277	1 824 188 088
Surplus / (Deficit)	812 237 114	(517 435 229)	294 801 885
Assets	6 312 652 204	(680 658 104)	5 631 994 100
Liabilities	(899 193 222)	(295 955 371)	(1 195 148 594)

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

1. Basis of presentation

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

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

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

These accounting policies are consistent with the previous period, unless specified otherwise.

A summary of the significant accounting policies is discussed below.

1.1 Presentation currency

These annual financial statements in South African Rand, which is the functional currency of the municipality. The amounts in the annual financial statements are rounded to the nearest rand

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

The preparation of the annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. In the process of applying the municipality's accounting policies, management has made significant accounting judgements, estimates and assumptions, which have significant effect on the amounts recognised in the financial statements. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

Pension and other post - employment benefits

The cost of defined benefit pension plans, other employment medical benefits and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

For key actuarial assumptions, refer to note 10 " Employee Benefit obligations "

Useful lives (Depreciation and Amortisation)

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the municipality's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Residual value of property, plant and equipment

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence : available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be the 1st day of January in the year of construction.
- The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.
- The depreciation is therefore assumed to be straight line for all infrastructure assets.
- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.
- The remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For underground assets, such as pipes, the assessment is based on the age of the pipes and information on performance from the operations staff.

Amathole District Municipality

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Significant Accounting Policies

Impairment of Receivables

The measurement of receivables is derived after consideration of the impairment. Management makes certain assumptions regarding the categorisation of debtors into groups with risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this impairment the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Inventory - Water Stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Any existing drought conditions are also taken into consideration where applicable. The water stock on hand has been estimated using engineering best practice and industry norms and standards.

Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and availability of information.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. Provisions are discounted where the effect of discounting is material.

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Useful lives of waste and water network and other assets

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

Operating leases - Municipality as lessor

46 - 89

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

Environmental rehabilitation provisions

90 - 105

The municipality operates a landfill site and has made critical assumptions for estimating the life expectancy and rehabilitation costs of the site.

1.4 Investment property

Investment property includes property (land or a building, or part of a building, or both land or buildings under a finance lease) held to earn rentals and /or for capital appreciation rather than held to meet service delivery objectives or sale in the ordinary course of business. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. Investment property is initially derecognised when future benefits are probable and the cost or fair value can be determined reliably.

Recognition

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. 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. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of Day to Day servicing of investment property is recognised in the statement of Financial Performance as incurred.

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

Subsequent measurement - Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Investment property includes land held with an indefinite use. This land is recognised at fair value on the date of recognition

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

Item	Useful life Property
Property - land	indefinite
Property - building	30 years

The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year-end.

De-recognition/Disposal

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

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Significant Accounting Policies

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

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 3). The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 3).

Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.5 Property, plant and equipment

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

Recognition

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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

Subsequent measurement

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

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

Land is not depreciated as it is regarded as having an unlimited life.

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

Amathole District Municipality

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Significant Accounting Policies

Item	Average useful life
Land	Indefinite Life
Buildings	30 years
Furniture and fixtures	7 to 10 years
Motor vehicles	
• Vehicle	5 years
• Specialised Vehicles	3 to 20 years
Office equipment	3 to 7 years
• IT equipment	
IT equipment	3 to 5 years
Infrastructure	
• Roads and paving's	10 to 30 years
• Sewerage Mains and Purification Works	4 to 55 years
• Water Supply and Reticulation	3 to 94 years
Community	
• Libraries	30 years
• Buildings	30 years
• Community Centres	20 years
• Recreational Facilities	30 years
Other property, plant and equipment	
• Specialised Plant and Equipment	5 to 15 years
• Emergency and Medical Equipment	5 to 15 years
Ancillary fleet equipment and security	
• Security Equipment	3 to 5 years
Bins and containers	5 to 10 years
• Other Items	2 to 5 years
Leased Assets	3 to 5 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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 charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Depreciation of an asset commences when the asset is ready for its use as intended by management.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.

Incomplete construction work (work in progress) is stated at historical cost.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The municipality separately discloses expenditure and maintenance on Property Plant and Equipment in the notes to Financial Statements (see **note 4**). The Municipality discloses relevant information relating to assets under construction or development in the notes to the Financial Statements (see **note 4**).

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. 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. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying values of assets.

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

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Site rehabilitation and restoration costs

Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), its written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.6 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

An intangible asset is recognised when:

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

Recognition

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

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

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

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

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

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

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the statement of financial performance under expenses consistent with the function of the intangible asset.

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

Item	Useful life
Computer software	3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. Amortisation shall commence when the asset is available for the intended use.

Amortisation of the asset begins when the development is complete and the asset is available for use.

The amortisation period, the amortisation method and the residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The residual value of intangible assets is estimated to be nil.

The municipality discloses relevant information relating to assets under construction, in the notes to financial statements (see **note 5**).

Impairments

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset maybe impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Where items of property, plant equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

Derecognition

Intangible assets are derecognised:

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

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

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

1.7 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 6). The municipality discloses relevant information relating to assets under construction or development in the notes to the financial statements (see note 6).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. Heritage assets are not depreciated.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality's estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Investments in controlled entities

Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such control entities so as to benefit from its activities. Controlled entities are fully consolidated from the date on which control is transferred to the municipality, and are carried at cost. Investments in municipal entities under the ownership control of the municipality are carried at cost. Separate consolidated financial statements are prepared to account for the municipality's share of net assets and post acquisition results of these investments. The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

1.9 Financial instruments

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

Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The Municipality determines the classification of its financial instruments at initial recognition.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment. A concessionary loan is a loan granted to or received by municipality on terms that are not market related.

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

Amathole District Municipality

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Significant Accounting Policies

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

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

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

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

A financial asset is:

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

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

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

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

Financial liabilities consist of payables, interest bearing loans and bank overdrafts

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

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

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

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

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

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

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

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

Amathole District Municipality

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Significant Accounting Policies

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

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

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

Classification

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

Class	Category
Non current receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost

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

Class	Category
Trade payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities.

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

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Significant Accounting Policies

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

Offsetting

The municipality does not offset a financial asset and a financial liability unless a legally enforceable rights 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

Gains and losses

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

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

Impairment of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Amathole District Municipality

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Significant Accounting Policies

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:

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

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

Financial liabilities

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

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

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

Presentation

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

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

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

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

Policies relating to specific financial instruments

Investment at amortised cost

Investments, which include [listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Investment at cost

Investment at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade receivables are determined in accordance with the accounting policy for impairments. An estimate is made for impairment based on past default experience of all outstanding amounts at year end. Impairment adjustments are made through the use of an allowance account. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments(more than 30days overdue) are considered indicators that the receivables is impaired. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the approval of the necessary delegated authority. Impairments are determined by discounting expected future cash flows to their present value. Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Amathole District Municipality

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Significant Accounting Policies

Trade and other payables

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

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. Long term borrowings are non-derivative financial loans and the municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects.

Loans and Receivables

Loans and Receivables are measured initially and subsequently at amortised cost any difference between the proceeds (net of transaction cost) and redemption value is recognised in the statement of financial performance. Loans and Receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

1.10 VAT

The municipality accounts for value added tax on the payments basis.

1.11 Leases

Finance leases -municipality as a lessee

Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality through the lease agreement. Assets subject to finance to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

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

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement

at inception date: namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Assets subject to a finance lease, as recognised in the statement of financial position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the of the future minimum lease payments. The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight - line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight -line lease payments and the contractual lease payments.

Derecognition

The finance lease liabilities are derecognised when the municipality's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the municipality no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the municipality's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the municipality no longer anticipates economic benefits to flow from the asset.

Subsequent measurement

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease 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.

Operating leases - municipality as a lessor

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

Recognition

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable

is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains , a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Amathole District Municipality

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Significant Accounting Policies

Measurement

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition

Operating lease liabilities are derecognised when the municipality's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the municipality's right to the underlying cash flows expires or the municipality no longer expects economic benefits to flow from the operating lease asset.

Operating leases - municipality as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The liability or asset is not discounted. Any contingent rents are expensed in the period they are incurred.

1.12 Inventories

Initial recognition

Inventories comprise current assets held for sale, 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.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

The basis of determining cost is the first-in-first-out (FIFO) method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost 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.

Housing inventory

Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses. Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance to the extent that the municipality has complied with any of the criteria, obligations or conditions of the grant.

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, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position 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 is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year-end.

VIP toilets inventory

VIP toilets inventory is measured at cost on the first-in-, first-out basis.

The carrying amount of these inventories held for distribution is recognised as an expense when the beneficiaries take occupation of the VIP structures. Grant funding received is recognised as in the Statement of Financial Performance to the extent that the municipality has complied with any of the criteria, obligations or conditions of the grant.

Derecognition

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.

Amathole District Municipality

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Significant Accounting Policies

1.13 Impairment of cash-generating assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash generating assets.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset in order to determine the extent of the impairment loss (if any).

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 cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable service 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. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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 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 as follows:

- to 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.

Identification

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Amathole District Municipality

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Significant Accounting Policies

Composition of estimates of future cash flows Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Cash-generating units

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

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

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

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

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

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

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

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

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

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

Amathole District Municipality

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Significant Accounting Policies

Reversal of impairment loss

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

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

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

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

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

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

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

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

Redesignation

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

1.14 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Amathole District Municipality

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Significant Accounting Policies

Reversal of an impairment loss

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

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

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

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

Redesignation

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

1.15 Environmental Rehabilitation Provisions

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. In so far as the obligations relate to assets, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance.

1.16 Employee benefits

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

The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

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

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

Multi-employer plans

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

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

Post-employment benefits : Defined benefits plans

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

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

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

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement. Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

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

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

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

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

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

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

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

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

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

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

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

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

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

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

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

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

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

Medical Aid: Continued Members

The municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff. 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 such a medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. Assumption about the medical costs take into account estimated future changes in cost medical services, resulting from both inflation and specific changes in medical costs.

Actuaries are used to determine the obligation on an annual basis. The actuarial gain or loss is recognised in surplus or deficit.

Other Long Term Employee Benefits

The municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method has been used to value the obligation. Actuarial gains and losses on long term incentives are accounted for in surplus or deficit. The municipality offers employees long service awards for every five years of services completed, from five years of service to 45 years of service, inclusive.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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.

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

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed unless the possibilities of outflow resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

1.18 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

Rendering of Services

Service income is recognised on an invoice basis. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. The adjustments are recognised as revenue in the invoicing period.

Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from the council and are levied monthly.

Revenue arising from fire services is based on set basic tariffs.

Interest, rentals and agency services

Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

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

1.19 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations 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 qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Grants transferred and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Revenue from 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 when the recovery thereof from the responsible councillors or officials is probable.

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

Recognition

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

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

Measurement

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

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

Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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 creditor. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Gifts and donations, including goods in-kind

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

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

1.22 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transactions. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed. Transactions in foreign currency are accounted for at the exchange ruling on the date of transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

1.23 Surplus/deficit

Gains and Losses

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance, income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in the net assets is especially allowed by a Standard of GRAP.

1.24 Comparative figures

Comparative of actual information to budgeted information

Budget information in accordance with GRAP 1 and 24, has been provided as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanations and comments to material differences are provided in the notes to the annual financial statements. In addition a note has been added to the annual financial statements where the over and under spending are deemed material, for the current financial year only. The annual budget figures included in the annual financial statements 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 (IDP). The approved budget covers the fiscal period from 01/07/2021 to 30/06/2022.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of budget and actual amounts. Comparative information is not required.

Current year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the annual Financial Statements. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

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

1.25 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) Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 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 Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Significant Accounting Policies

1.29 Conditional grants and receipts

Government grants and other grants are recognised as revenue when:

- (a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- (b) the amount of the revenue can be measured reliably, and
- (c) to the extent that there has been compliance with any restrictions associated with the grant. Income received from conditional grants, donations and subsidies are recognised to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised. Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

1.30 Related parties

The municipality has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party or vice versa, or an entity that is subject to common control, or jointly control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the municipality any one or more related parties, and those transactions were not within:

- normal supplier and/ or client/ recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual group or persons in the same circumstances and;
- terms and conditions within the normal operating parameters established by the reporting municipality's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

The municipality has a related party relationship with its subsidiary Amathole Economic Development Agency SOC Limited t/a ASPIRE. Subsidiaries are entities controlled by the municipality. The existence and effect of potential voting rights that are currently exercisable are convertible without restriction are considered when assessing whether the municipality controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the municipality and are no longer consolidated from the date the effective control ceases. Related party transactions are conducted on arms length basis with terms comparable to transactions with third parties.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee Members, Municipal Manager and Executive Directors.

1.31 Commitments

A commitment is the municipality's intention to commit to an outflow of its resources embodying economic benefits. The municipality is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date.

1.32 Post balance sheet events

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). The municipality will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

1.33 Segment reporting

For management purposes, the municipality is organised and operates in three service delivery areas (Function of the Municipality).

These three areas are reviewed and reported on regularly by management.

Revenues and expenditures relating to these functions are recorded on a detailed transactional level and reported on various platforms.

The three service delivery areas and economic segments of Amathole District Municipality's mandate are as follows:-

- Water service Authority
- Sanitation
- Fire Services

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

Standard / Interpretation :	Effective date : Years beginning on or after	Expected impact :
GRAP 104: Financial Instruments	No effective date	GRAP 104 establishes the principles for recognising, measuring, presenting and disclosing financial instruments. It is expected that the application of this standard will not have a material impact on the financial statements of the municipality as the GRAP standard on Financial Instruments issued in October 2009 has been applied.
GRAP 25: Employee Benefits	No effective date	GRAP 25 prescribes the accounting and disclosure for employee benefits. The standard is applied by an employer in accounting for all employee benefits. It is expected that the application of this standard will not have a material impact on the financial statements of the municipality when effective as the GRAP standard issued in 2009 has been applied. Standard of GRAP on Employee Benefits issued in 2009.
IGRAP 7: Limit on a defined benefit asset minimum fund requirement and interact		The Standard of GRAP on Employee Benefits (GRAP 25) limits the measurement of a defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The interpretation therefore addresses the issues of the availability of refunds or reductions in future contributions in accordance with the definition of the asset ceiling and how a minimum funding requirement might affect the availability of reductions in future contributions. It is expected that the application of this interpretation will not have a material impact on the financial statements of the municipality when effective as the municipality does not have defined benefit assets.

3. Investment property

	2022		2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment
Investment property	152 162 348	(5 201 444)	146 960 904	152 162 348	(4 843 831)

Reconciliation of Investment property - 2022

	Opening carrying value	Transfers In/ (Out)	Depreciation	Closing carrying value
Investment property	147 318 517	-	(357 613)	146 960 904

Reconciliation of Investment property - 2021

	Opening carrying value	Transfers In/ (Out)	Depreciation	Closing carrying value
Investment property	148 293 286	(649 656)	(325 117)	147 318 517

Pledged as security

There were no properties pledged as security.
A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Rental income from investment property	238 896	288 759
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Refer to **Note 41** for lease commitments

4. Property, plant and equipment

	2022		Restated 2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment
	R	R	R	R	R
Land	5 325 092	-	5 325 092	5 325 092	-
Solid waste	3 957 980	(1 780 414)	2 177 566	3 957 980	(1 780 414)
Operational Buildings	15 827 408	(10 287 804)	5 539 604	15 827 408	(9 760 229)
Sanitation	377 935 178	(106 826 641)	271 108 537	340 454 060	(99 951 654)
Water supply	5 899 160 051	(1 397 196 798)	4 501 963 253	5 678 702 260	(1 320 781 480)
Finance leased assets				615 000	(349 656)
Community assets	2 505 424	(1 587 852)	917 573	2 505 424	(1 526 755)
Computer equipment	40 810 069	(16 729 368)	24 080 701	40 171 544	(15 087 189)
Furniture and office equipment	19 935 116	(9 054 471)	10 880 645	19 986 323	(8 229 063)
Machinery and equipment	4 582 719	1 541 868	6 124 587	4 452 291	(2 446 556)
Transport assets	110 335 564	(77 107 849)	33 227 715	113 387 102	(68 902 221)
	6 480 374 601	(1 619 025 329)	4 861 345 272	6 225 384 464	(1 528 815 217)

Reconciliation of property, plant and equipment - 2022

	Carrying Value Opening balance	Additions	Disposal	Transfers in /(out)	Under construction	Impairment	Depreciation	Carrying value Closing Balance
	R	R	R	R	R	R	R	R
Land	5 325 092	-	-	-	-	-	-	5 325 092
Solid waste	2 177 566	-	-	-	-	-	-	2 177 566
Operational Buildings	6 067 179	-	-	-	-	-	(527 575)	5 539 604
Sanitation	240 502 406	-	-	-	37 481 118	-	(6 874 987)	271 108 538
Water Supply	4 357 559 891	135 418 635	-	(136 261 491)	225 774 882	-	(80 889 555)	4 501 602 362
Community	978 670	-	-	-	-	-	(61 097)	917 573
Finance leased assets	265 344	-	(265 344)	-	-	-	-	-0
Computer Equipment	25 445 243	696 486	(57 961)	-	-	-	(1 642 179)	24 441 589
Furniture and fittings	11 757 261	-	(51 207)	-	-	-	(825 408)	10 880 646
Machinery and equipment	2 005 735	135 000	(4 572)	-	-	-	3 988 424	6 124 587
Transport assets	44 484 882	605 670	(3 657 208)	-	-	-	(8 205 628)	33 227 716
	4 696 569 267	136 855 791	(4 036 292)	(136 261 491)	263 256 000	-	(95 038 004)	4 861 345 272

Reconciliation of property, plant and equipment - 2021

	Carrying Value Opening balance	Additions	Disposal	Transfers in /(out)	Under construction	Impairment	Depreciation	Carrying value Closing Balance
	R	R	R	R	R	R	R	R
Land	5 325 092	-	-	-	-	-	-	5 325 092
Solid waste	2 375 330	-	-	-	-	-	(197 764)	2 177 566
Operational buildings	6 594 754	-	-	-	-	-	(527 575)	6 067 179
Sanitation	232 174 208	32 284 001	(4 948 448)	(32 284 001)	22 414 393	-	(790 876)	240 502 406
Water supply	4 308 583 291	130 279 433	(1 343 468)	(130 279 433)	207 713 000	-	(7 512 901)	4 357 559 891
Community	1 558 407	-	-	-	(1 527 598)	-	1 008 957	978 670
Finance leased assets	340 885	-	-	-	-	-	-	765 344
Computer Equipment	27 079 067	500 772	(298 648)	-	-	-	(52 385)	25 445 243
Furniture and fittings	12 769 375	-	(65 447)	-	-	-	(170 660)	11 757 261
Machinery and equipment	2 300 475	19 637	(15 134)	-	-	-	(90 579)	2 005 735
Transport assets	69 360 666	619 826	(151 412)	-	-	-	(20 754 291)	44 484 882
	4 668 461 549	163 703 670	(6 822 556)	(164 091 032)	230 127 394	(28 362 736)	(166 447 020)	4 696 569 267

Projects taking longer to complete:

The implementation of the following projects have been delayed due to various reasons:

Project Name	Original Planned Completion Date	Anticipated Completion Date	Value of the project	Reasons for the delays
Shikini Water Supply	29/11/2019	30/04/2023	R 33 507 925	Poor performance by contractor and cashflow problems by contractor. Completed work is at 90%
Mgwali South Water Supply	12/05/2021	15/12/2022	R 56 826 179	Delay on material supply during covid19 period. Poor performance by contractor. Completed work is at 95%
Ekuphumleni & 9 villages (Raymond Mhlabi)	15/12/2019	15/12/2022	R 16 880 240,00	Poor Performance by Contractor and cashflow problems and the completed work is at 90%
Total			R 107 214 344,40	

Notes to the annual Financial Statements

		2022	Restated 2021
		R	R
Transfer of infrastructure			
During the 2015/16 financial year, the Demarcation Board rezoned the Amathole District Municipality, (ADM) boundaries. The effect of the rezoning was a loss of some of the ADM villages to other municipalities. The assets, mainly water infrastructure assets, in the affected villages are to be transferred from ADM to the relevant municipalities as per the Demarcation Board's resolutions.			
ADM is in an advanced stage of transferring the assets to the rightful municipalities. A list of assets to be transferred has been compiled and are mainly in the Buffalo City Metropolitan Municipality (BCMM) and Chris Hani District Municipality. The costing process of the affected assets is being finalised by ADM.			
Expenditure incurred to repair and maintain Property, Plant and Equipment			
	R		
Sanitation and water supply	1 951 274,07		
Buildings	17 060,00		
Vehicles	5 880 252,55		
Other	503 718,38		
Total	8 352 305		
Pledged as security			
No assets pledged as security			
Capitalised expenditure (excluding borrowing costs)			
Sanitation and Water Supply (Infrastructure)		392 690 828	392 690 828
Community assets		-	-
Other assets		779 347	779 347
		393 470 175	393 470 175
Compensation received for losses on property, plant and equipment - included in operating surplus			
Motor vehicles		-	-
Office equipment		-	-
Computers		-	-
Buildings		-	-
Other Property : plant and equipment		-	-
		-	-
Reconciliation of work - in - Progress - 2022			
		Included within infrastructure	Included within buildings
Opening balance		1 165 729 046	112 341
Additions/capital expenditure		263 256 000	-
Transferred to completed items		(136 261 491)	-
Transfer out		0	-
		1 292 723 555	112 341
Reconciliation of work - in - Progress - 2021			
		Included within infrastructure	Included within buildings
Opening balance		2 306 048 185	112 341
Additions/capital expenditure		238 085 169	-
Transfer out		(701 508 013)	-
Correction of prior period errors		(676 896 296)	-
		1 165 729 046	112 341
A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the register.			
5. Intangible assets			
		2022	2021
		Cost	Accumulated amortisation and accumulated impairment
Computer software, licences		62 831 657	(61 890 546)
		941 111	
Reconciliation of intangible assets - 2022			
		Opening carrying value	Additions
Computer software, licences		941 111	-
Reconciliation of intangible assets - 2021			
		Opening carrying value	Additions
Computer software, licences		6 300 434	941 068
Comparative figures have been restated Refer Note 45			
Pledged as security			
The carrying value of intangible assets is not pledged as security.			
Restricted title			
Carrying value of intangible assets whole title is not restricted.			
The amortisation expense has been included in the line depreciation on the Statement of Financial Performance. A useful life of 3 years has been used in the calculation of amortisation.			
6. Heritage assets			
		2022	2021
		Cost	Accumulated impairment losses
Collections of historical implements		400 000	-
		400 000	
Reconciliation of heritage assets - 2022			
		Opening carrying value	Closing carrying value
Collections of historical implements		400 000	400 000
Reconciliation of heritage assets - 2021			
		Opening carrying value	Closing carrying value
Collections of historical implements		400 000	400 000
Pledged as security			
Carrying value of heritage assets is not pledged as security.			
Method and assumption used			
Valuations were performed by independent valuer , Mrs Penelope Jean Lindstrom [Board Member of South African Institute of Valuer], and currently the chairman. Messrs Penny Lindstrom Valuations CC are not connected to the municipality and have recent experience in location and category of asset being valued. Effective date of valuation June 2015.			
7. Investment in controlled entities			
		Carrying amount 2022	Carrying amount 2021
Name of Company	Held by	% holding 2022	% holding 2021
Amathole Economic Development Agency SOC Limited t/a ASPIRE	ADM	100%	100%
		1 000	1 000
Investment in Municipal entity			
Amathole Economic Development Agency SOC Limited t/a ASPIRE Issued share capital (1000 ordinary shares of R1,00 each) 100% owned by ADM council			
The Amathole Economic Development Agency was established 1 September 2005			
Place of incorporation : South Africa			
Principal activity: To promote local economic development in the Amathole Municipal District Area			
The municipal transfers funds to the entity for operating purposes. Refer Note 43 for related party transaction			
The ADM continues to provide support to ASPIRE in terms of operational funding as well as having seconded senior personnel to the agency on a temporary basis during the current financial year. In respect of the poor financial position that the entity finds itself in, certain initiatives were undertaken to, amongst other things, identify the root causes of this situation. An investigation was conducted.			
In addition a financial recovery plan was developed for the Board's consideration and implementation.			
8. Non current receivables			
		1 603 760	1 603 760
Other long term receivables			
		1 603 760	1 603 760
Non current receivables			
Deposits		1 603 760	1 603 760
Subtotal		1 603 760	1 603 760
Less: Current portion transferred to current receivables		1 603 760	1 603 760

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
Deposits		
The deposits relate to the amounts paid when the municipality enters into leases for buildings and utilities.		
Non-current receivables are financial assets which are categorized at amortised cost. The fair values of the loans are estimated to approximate their carrying amounts		
9. Current portion of employment benefit obligation		
Current portion	5 660 000	5 751 000
Employee benefit obligation provision	5 660 000	5 751 000
The uncertainties noted for the current portion of the long service awards are as follows: The current portion of the long service award was calculated by independent actuaries that have performed a valuation for the long service award provision. Refer to Note 10 for the assumptions used.		
The comparative figure was restated as it was previously recognised as part of the current provisions. Refer Note 45 .		
10. Employee benefit obligation		
Defined benefit plan		
Provision for post employment health care benefits	148 218 000	137 149 000
Provision of ex-gratia benefits	14 890	16 560
Provision for long service benefits	39 682 000	39 961 000
	187 914 890	177 126 560
Statement of Financial Performance		
Current service cost	13 000 000	11 876 000
Interest cost	17 675 030	14 843 763
Benefits paid	(7 794 277)	(9 590 277)
Actuarial gain recognised	(12 184 664)	(20 892)
Actuarial loss recognised	1 241	8 895 030
	10 697 330	26 003 624
Post retirement medical aid plan		
The Post Employment Health Care plan, of which members are made up as follows		
In service (employee) members	1 217	1 263
Continuation (retiree, widow/er and orphan) members	109	96
In service (employee) non- members	181	180
	1 507	1 539
The unfunded liability in respect of past services has been estimated to be as follows:		
In service (employee) members	97 688 000	92 211 000
Continuation (retiree, widow/er and orphan) members	46 330 000	41 073 000
In service (employee) non- members	4 200 000	3 865 000
	148 218 000	137 149 000
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas		
Hosmed		
Key health		
LA health		
Samwumed		
On retirement of an employee council has post retirement obligation to contribute 70% to the medical cost of the employee.		
Comparison of In service statistics		
Eligible employees		
Total number of eligible employees	1 398	1 443
Number of in-service members	1 217	1 263
Average Age	44.9	44.2
Average Past Service	11.6	10.8
Average current value of post-employment subsidy p.m.	R2 911	R2 811
Number of in-service non-members		
Average Age	181	180
Average Past Service	47.4	47.3
Average current value of post-employment subsidy p.m.	13.3	13
	R3 066	R2 852
Comparison of Continuation membership		
Continuation Members		
Number of principal members	109	96
Proportion with a spouse dependant	39%	40%
Average Age	72.7	73.5
Average subsidy per month	R3 449	R3 467
Reconciliation of assets and liabilities recognised in the balance sheet		
Present value of fund obligations	148 218 000	137 149 000
Fair value on plan assets	-	-
	148 218 000	137 149 000
Present value of unfunded obligations		
Present value of obligations in excess of plan assets		
Unrecognised past service cost	-	-
Unrecognised actuarial (gains)/losses	-	-
Unrecognised transitional liability	-	-
Net liability in Balance Sheet	-	-
The municipality has elected to recognise the full increase in this defined benefit liability immediately.		
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	137 149 000	113 612 000
Current service costs	8 597 000	7 363 000
Expected benefits paid	(4 402 871)	(3 943 657)
Interest cost	13 858 000	11 932 000
Past service costs	-	-
Actuarial gain /losses	(6 983 129)	8 185 657
Present value of fund obligation at the end of the year	148 218 000	137 149 000
Total unfunded liability		
Reason for the movement in Liability		
The total liability has increased by 8% (or R1,069 million) since the last valuation. The main reasons for the actual movement in the liability as a result of the following: The total in-service member liability has increased by 10% since the last valuation due to: • an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement; • an increase in the average past service; and • an increase in the average post-employment subsidy These impacts were partially offset by increases in the net discount rates.		
The average in-service non-member liability has increased by 8% due to the above. The total in-service non-member liability has increased by 9% due to the above, combined with an increase in the number of in-service non-members.		
The average continuation member liability has decreased by 1% since the last valuation due to increases in the net discount rates, a decrease in the average subsidy, and a decrease in the proportion of members with a spouse dependant. These impacts were partially offset by a decrease in the average age. The total continuation member liability has increased by 13% due to the above being more than offset by an increase in the number of continuation members.		
Actuarial Gains and Losses		
Actuarial (gain)/loss for the period	(6 983 129)	8 185 657
Contributions to actuarial loss		
Basis changes: in net discount rate	(4 122 000)	12 462 000
Subsidy increases lower than assumed	(2 541 000)	-
Contributions increases higher than assumed	-	(855 000)
Changes to membership profile different from assumed	(719 000)	(3 494 000)
Actual benefits vesting greater than expected	398 871	72 657
Net liability in the Statement of Financial Position		
Opening balance	137 149 000	113 612 000
Current service cost	8 597 000	7 363 000
Interest cost	13 858 000	11 932 000
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial (gain)/losses	(6 983 129)	8 185 657
Past service cost	-	-
Net periodic cost recognised in surplus and deficit	15 471 871	27 480 657
Expected employee benefit payments	(4 402 871)	(3 943 657)
Transitional liability recognised outside surplus and deficit	-	-
Closing balance	148 218 000	137 149 000
Current portion of liability (due in next 12 months)	4 545 000	4 004 000
Non-current portion of liability	143 673 000	133 145 000
Closing balance	148 218 000	137 149 000
Reconciliation of fair value of plans assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Benefits paid	-	-
Closing balance	-	-

Notes to the annual Financial Statements

	2022		Restated 2021	
	R		R	
History of liabilities and assets				
The amounts for the current and the previous four periods were as follows:				
	2 022	2 021	2 020	2 019
Post-employment medical aid obligation	148 218 000	137 149 000	113 612 000	130 179 042
Plan assets				211 029 035
Surplus/(deficit)	(148 218 000)	(137 149 000)	(113 612 000)	(130 179 042)
				(211 029 035)
History of experience adjustments				
Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.				
The amounts for the current and the previous four periods were as follows:				
	2 022	2021	2020	2019
Liabilities gain/(loss)	(2 861 000)	(4 276 000)	(6 907 000)	(6 455 000)
Assets gain/(loss)	-	-	-	-
Trend information				
Present value of obligation			2023	2022
Fair value of plan assets			169 610 000	148 218 000
				2021
				113 612 000
			169 610 000	148 218 000
				113 612 000

Sensitivity results				
Results of the sensitivity analysis on the Accrued Liability (R millions)				
Assumption	Change	Eligible Employees	Continuation members	Total
Central Assumptions				Percentage change
Healthcare inflation rate	+1%	101 888	46 330	148 218
	-1%	110 485	48 262	158 747
	+1%	90 170	44 033	134 203
	-1%	85 443	42 839	128 282
	+1%	122 890	50 404	173 294
	-1%	99 597	44 833	144 430
Post-employment mortality	+1 yr	104 123	47 829	151 952
	-1 yr	112 338	46 330	158 668
	-10%	88 293	46 330	134 623
Average retirement age				
Continuation of membership at retirement				

The table above indicates for example that if medical inflation is 1% greater than the long-term assumption made, the liability will be 7% higher than shown.

Sensitivity analysis on the current-service and interest cost for the year ending				
Assumption	Change	Current - Service Cost	Interest Cost	Total
Central Assumptions				% change
Healthcare inflation rate	+1%	8 597 000	13 858 000	22 455 000
	-1%	9 488 000	15 027 000	24 515 000
	+1%	7 414 000	12 363 000	19 777 000
	-1%	7 135 000	13 063 000	20 198 000
	+1%	10 487 000	14 744 000	25 231 000
	-1%	8 393 000	13 486 000	21 879 000
Post-retirement mortality	+1 yr	8 793 000	14 225 000	23 018 000
	-1 yr	9 186 000	14 871 000	24 057 000
	-10%	7 458 000	12 546 000	20 004 000
Average retirement age				
Continuation of membership at retirement				

Assumption	Value p.a.	Value p.a.
Discount rate	11,84%	10,25%
Health care cost inflation rate	8,45%	6,92%
Net discount rate - health care cost inflation	3,13%	3,11%
Maximum subsidy inflation rate	5,86%	4,82%
Net of Maximum subsidy inflation discount rate	5,55%	5,19%

The discount 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 11.84% per annum has been used. The corresponding index-linked yield at this term is 4.11%. 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 2022.

Assumption	Active employees
Normal retirement age	62
Employment age used for past service period	Actual service entry ages
Mortality during employment	SA 85- 90
	PA(90) -1 with a 1% mortality improvement p.a. from 2010
	60%
	70%
	15%

PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from [1 - (1 - 1%)²], and so on.

Withdrawal from service (sample annual rates)	Age	Withdrawal rates Female	Withdrawal rates Male
	20	9%	9%
	25	8%	8%
	30	6%	6%
	35	5%	5%
	40	5%	5%
	45	4%	4%
	50	3%	3%
	55+	0%	0%

Impact of COVID-19
It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities in the sensitivity analysis table above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in expected longevity ("1 yr" in the tables). Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

Provision for retirement gratuity benefits
Employees of the Amathole District Municipality participated in the following benefit funds:
Cape Joint Pension Fund (defined contribution)
Eastern Cape Gratuity Fund (defined contribution)
Eastern Cape Municipal Pension Fund (defined contribution)
Cape Joint Retirement Fund (defined contribution)
National Fund for Municipal Workers (defined contribution)
South African Municipal Workers National Provident Fund (defined contribution)
Government Employees Pension Fund (defined benefit)
South African Local Authorities Pension Fund (defined contribution)

Multi - employer funds
The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post - employment benefits. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds.

The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of details. Thus, some of the entities defined benefit plans are not treated as defined benefit plans as defined by GRAP 25, but are rather accounted for as defined contribution plans. These are listed under the defined contribution plan heading as a GRAP 25 Exception. This is in line with the exemption in GRAP 25 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for a defined contribution plans. The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years .

	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 31 December 2022	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2021
Cape Retirement Fund (CRF)	1 301	69 425 774	1 301	69 425 774
SAMWU National Provident Fund (SNPF)	93	4 579 544	93	4 579 544
National Fund for Municipal Workers	23	1 230 985	23	1 230 985
Cape Joint Pension Fund	-	-	-	-
Easter Cape Gratuity Fund	2	37 380	2	37 380
Easter Cape Municipality Pension Fund	2	91 090	2	91 090
Local Authorities Pension Fund	7	393 030	7	393 030
Municipal Councillors Pension Fund	1	-	1	-

Defined benefits (DB) Multi - employer plans
Sufficient information is not available in respect of these multi-employer DB plans to enable full DB accounting disclosure because :
- Plan assets are held as one portfolio and not notionally allocated to each participating employer
- Similarly, the plan's financial statements are not constructed separately for each participating employer, but rather in respect of the whole plan including all the participating employers.
- Contribution rates do not usually vary by participating employer .

The table below reflects the municipality's contributions to these Defined Benefit (DB) plans for the year
Multi - employer plan

Notes to the annual Financial Statements

						2022	Restated 2021
						R	R
	Number of the Municipality's employees belonging to the plan	Total number of active members per recent valuation report	Amount of contributions to be paid by the DM in respect of the year ending 30 June 2021 R	Date of most recently available actuarial valuation report	Funding Level		
GEPP	25	1 281 823	950 256	31/03/2018	108,30%		

Key Assumptions			
Net pre-ret discount rate	Salary Inflation	Net post - ret discount rate	
GEPP	3,44%	9,30%	5,53%

Further information for the plan follows below:

GEPP (Government Employees Pension Fund)

The funding level of the GEPP, excluding contingency reserves, decreased from 115.8% as at the 31 March 2016 to 108.3% as at 31 March 2018. The plan is holding reserves at 19.1% of what would be in line with the long term funding level per the Board of Trustees adopted GEPP Funding Policy, compared with 34.4% as at 31 March 2016.
This employer contribution rate remains at 16% in respect of the 'Services' employee category and 13% in respect of the 'Others' employee category.

Notes to the annual Financial Statements

	2022	Restated 2021	
	R	R	
Provision for ex - gratia benefits			
Eligible employees			
Number of pensioners	Male	Total	
Average annual pension	2	2	
Average age	R1 968	R1 968	
	90,4	90,4	
Reconciliation of assets and liabilities recognised in the balance sheet			
Total value of liabilities	14 890	16 560	
Value of assets			
Unfunded accrued liability	14 890	16 560	
Unfunded accrued liability	14 890	16 560	
Unrecognised actuarial gain	-	-	
Unrecognised past service cost	-	-	
Net liability in the Statement of Financial Position	14 890	16 560	
Total unfunded liability	14 890	16 560	
Average liability per retiree	7 445	8 280	
Certain pensions are paid by the municipality from its own revenue and are therefore not funded by pension funds. These pensions are payable for life and increase annually but not by any inflationary factor.			
The average liability has decreased by 10% due to an increase in the net discount rate and an increase in the average age.			
The total liability has decreased by 10% (or R1 670) since the last valuation, due to the above, combined with the fact that the number of pensioners has not changed.			
Analysis of the unexpected movement in the liability			
Actuarial gain for the period	1 241	(20 892)	
Contributions to actuarial loss :			
Basis changes : increase in net discount rate	(1 070)	(1 520)	
Application of post-employment morality improvement	-	-	
Changes to membership profile different from assumed	1 930	(15 031)	
Actual benefits vesting, lower than expected	381	(4 341)	
The actuarial loss attributable to pensioner profile changes arises because there were no exits during the year, whereas some reduction in the liability due to deaths was expected.			
Present value of fund obligation at the beginning of the year	16 560	40 936	
Current service costs	-	-	
Interest Cost	1 030	1 763	
Actuarial (gain)/losses	1 241	(20 892)	
Expected benefit payments	(3 941)	(5 247)	
	14 890	16 560	
Reconciliation of fair value of plan assets:			
Fair value of plan assets at the beginning of the year	-	-	
Expected return on plan assets	-	-	
Contributions: Employee	-	-	
Past service costs	-	-	
Actuarial (gain)/losses	-	-	
Benefits paid	-	-	
Fair value of plan assets at the end of the year	-	-	
Trend Information			
	2023	2022	2021
Present value of obligations	12 510	14 890	16 560
Fair value of plan assets	-	-	-
	12 510	14 890	16 560
History of liabilities and assets			
The amounts for the current and the previous four periods were as follows:			
Ex gratia obligation	2022	2021	2020
Plan assets	14 890	16 560	40 936
Surplus/(deficit)	-	-	-
	(14 890)	(16 560)	(40 936)
			(89 211)
			(94 554)

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
History of experience adjustments		
Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.		
The amounts for the current and the previous four periods were as follows:		
Liabilities gain/(loss)	2022 2 311	2021 (19 372)
Assets gain/(loss)	2020 (47 498)	2019 8 336
	2018 unknown	2 018 unknown
	-	-

Current service costs and interest costs

Total cost	1 030	1 763
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There are no Current-Service Costs as there are no eligible employees. The Interest Cost represents the accrual of interest on the Total Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because the pensions are one year closer to payment.

Net liability in the Statement of Financial Position

Opening balance	16 560	40 936
Current service cost	-	-
Interest cost	1 030	1 763
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial (gain)/losses	1 241	(20 892)
Net periodic cost recognised in surplus and deficit	2 271	(19 129)
Expected employee benefit payments	(3 941)	(5 247)
Transitional liability recognised outside surplus and deficit	-	-
Closing balance	14 890	16 560
Current portion of liability (due in the next 12 months)	3 540	3 560
Non-current portion of liability	11 350	13 000

Sensitivity analysis on the unfunded accrued liability

Assumption	Change	Total Liability	% Change
Long term discount rate			
Central assumptions		14 890	
Discount rate	+1%	14 360	-4%
	-1%	15 440	4%
	+1 yr	14 270	-4%
	-1 yr	15 510	4%
Post-retirement mortality			
Assumption	Change	Interest cost	% Change
Interest cost		1 030	
Central assumptions		1 130	10%
Discount rate	+1%	920	-11%
	+1 yr	980	-5%
	-1 yr	1 080	5%
Post-retirement mortality			

Key actuarial assumptions used

Assumption	Value p.a	Value p.a
Discount Rate	8,80%	6,94%
Pension Inflation rate	0,00%	0,00%
Net discount rate	8,80%	6,94%
Mortality in retirement	PA[90]-1	PA[90]-1

Since 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 8.80% per annum has been used. This rate does not reflect any adjustment for taxation, and was deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2022.

Impact of COVID-19

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities in the tables above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the discount rate, or a reduction in expected longevity (" +1 yr" in the tables). Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items

Provision for long service benefits

An actuarial valuation has been performed of the municipality's liability for long service benefits relating to long service awards to which employees may become entitled to. The municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive. This provision is the present value of the total long service awards expected to become payable under the municipality's current arrangements and based on the actuarial assumptions made. The municipality has elected to recognise the provision in full.

Summary for eligible employees

Number of eligible employees	1 398	1 443
Average annual salary	285 091	282 729
Average age	45,2	44,9
Average past service	11,8	11,6

Long service awards for the levels of past service

Completed Service (in years)	Long Service Bonuses (% of quarter Salary)	Description
5	3,9%	(5 /260 + 2%) x quarter salary
10	6,8%	(10 /260 + 3%) x quarter salary
15	9,8%	(15 /260 + 4%) x quarter salary
20	10,8%	(15 /260 + 5%) x quarter salary
25, 30, 35, 40, 45	11,8%	(15 /260 + 6%) x quarter salary

The employees' basic salaries, referred to as "earnings" in this report, are used to determine the Rand value of Long Service Award (LSA). A day of accumulated leave is worth 1/260 of the quarter salary. In the month that each "Completed Service" milestone is reached, the employee is granted a long service award. Working days awarded are valued at 1/260 of quarter salary per day ([Daily leave is valued as follows: quarter basic salary / (12 months x 4.33 weeks per month x 5 days per week) Retirement gifts are awarded to all employees who retire at age 65. According to the Municipality, only 3% of employees are expected to receive the gift, since the majority retire before age 65. The value of the retirement gift used in the last valuation was : R 1 730 for employees with under twelve years of total service at retirement R 240 for employees with twelve or more years of total service at retirement. Management confirmed that these values are fixed i.e. there are no planned future increases. The Municipality does not pay any pro-rata LSA.

Employee related costs

Current service cost	4 403 000	4 513 000
Interest cost	3 816 000	2 910 000

(i) The Current-Service Cost reflects the additional liability that is expected to accrue in respect of in-service members over the corresponding year.

(ii) The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit vesting's, over the corresponding year. This arises because all future LSA benefits are one year closer to payment

Provision for long service award liability

Opening accrued liability	45 712 000	43 221 000
Current service cost	4 403 000	4 513 000
Interest cost	3 816 000	2 910 000
Benefit vesting's	(3 387 405)	(5 641 373)
Total quarter expense	4 831 535	1 781 627
Actuarial loss / (Gain)	(5 201 535)	709 373
Closing Accrued Liability	45 342 000	45 712 000

Reconciliation of assets and liabilities recognised in the Statement of Financial Position

Present value of fund accrued liability	45 342 000	45 712 000
Fair value of plan assets	-	-
Unrecognised actuarial gain	-	-
Unrecognised transition liability	-	-
Unrecognised past service cost	-	-
Net liability in the Statement of Financial Position	45 342 000	45 712 000

The average liability has increased by 2% since the last valuation due to an increase in the average earnings and an increase in average past service. These impacts were partially offset by an increase in the net discount rate. The total liability has decreased by 1% (or R370 000) due to the above being more than offset by the fact that there are 45 fewer eligible employees than at the last valuation.

Net liability to reflect in the Statement of Financial Position

Opening balance	45 712 000	43 221 000
Current service cost	4 403 000	4 513 000
Interest cost	3 816 000	2 910 000
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial gains recognised in surplus and deficit	(5 201 535)	709 373
Past service cost	-	-
Effect of Curtailment / Settlement	-	-
Miscellaneous item	-	-
Net Periodic Cost Recognised in profit and loss	-	-
Expected employer benefit vesting's	(3 387 405)	(5 641 373)
	45 342 000	45 712 000

Current portion of liability (due in the next 12 months) refer to Note 9	5 660 000	5 751 000
Non - current portion of the liability	39 682 000	39 961 000

Annual Financial Statements for the year ended 30 June 2022

History of liabilities and assets				
The amounts for the current and the previous four periods were as follows:				
Long service obligation	2022	2021	2020	2019
Plan assets	45 342 000	45 712 000	43 221 000	44 643 505
Surplus/(deficit)	(45 342 000)	(45 712 000)	(43 221 000)	(44 643 505)
				33 018 793
				(33 018 793)

Actuarial (gain)/loss for the period	(\$ 201 \$35)	709 373
Contribution to the actuarial loss:		
Increase in net discount rate	(957 000)	173 000
Increases in assumed average retirement age	-	-
Application of revised withdrawal rates	-	-
Earnings increases (lower)/higher than assumed	(2 235 000)	246 000
Changes to employee profile different from assumed	354 000	472 000
Actual benefits vesting, lower than expected	(2 363 535)	(181 627)

Demographic Assumptions	
Average retirement age	62
Mortality during employment	SAB5 -90

Age	Rate
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The table above indicates, for example, that if earning inflation is 1% greater than the long-term assumption made, the liability will be 6% higher.

Since 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 10.81% per annum has been used. The corresponding liability-weighted index-linked yield is 3.74%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2002.

11. Non - current provisions		
Rehabilitation provision - landfill site	10 914 865	10 345 843

Provision for rehabilitation of landfill site

Provision is made in terms of the municipality's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an annual inflation rate of 5.5% and discounted to present value at the average borrowing cost. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2012 and 2024.

The comparative figure for inventories has been restated. Refer to **Note 45**.

VIP toilets

Raw materials on hand have been disclosed as part of the VIP toilet inventory, this raw material is used to construct the VIP units.

A stock count was conducted at year end and these quantities were costed.

Water inventory
Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Engineers thus determined the water on hand for each scheme based on the capacity of reservoirs and pipelines.

Annual Financial Statements for the year ended 30 June 2022

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Notes to the annual Financial Statements

					2022	Restated 2021
					R	R
The municipality had the following bank accounts		Bank statement balances		Cash book balances		
Account number / description	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
ABSA BANK Account no - 406-309-3498	340 184	42 756	164 153	340 184	42 756	164 153
Standard Bank Account no - 081-109-3454 (primary account)	2 433 572	4 027 009	39 263 595	2 433 572	4 027 009	39 276 050
Nedbank Account no.1219684260	130 503 477	-	-	130 503 477	-	-
Standard 443818 MIG	-	4 568 186	45 788 035	-	4 568 186	46 015 209
Standard Bank 516890 ES	-	-	-	-	-	-
BANK-ES 1714026 NED	-	-	-	18 159 643	-	-
Standard Bank 523534	-	21 709 465	16 138 086	-	21 709 465	16 149 920
Standard Bank 521402	-	19 004 762	14 182 083	-	19 004 762	14 269 558
Standard Bank 499334	-	-	38 524 401	-	-	38 539 542
Standard Bank 525638 RBIG	-	-	-	-	-	200 096
Standard Bank- 539906	-	203 000	203 000	-	203 000	203 626
Standard Bank - Call 532750	-	4 813 057	2 936 796	-	4 813 057	2 946 837
Standard Bank - Call 541677	-	539 951	2 593 038	-	539 951	2 601 696
Standard Bank - Call 544214	-	-	-	-	-	-
Standard Bank - Call 544080	-	-	-	-	-	-
Standard Bank - Call 543100	-	-	-	-	-	-
Standard Bank - Call 543922 transferred to Bank-RRAMS 1170816	-	411 837	-	-	411 837	-
Standard Bank - Call 544212 transferred to Bank -FMG 1170808 NED	-	478 845	-	-	478 845	-
MIG--1170840 NED	-	-	-	-	-	-
WSIG--1170832 NED	-	-	-	-	-	-
RBIG--1170824 NED	-	-	-	-	-	-
INTEREST-1170735 NED	6 959 505	-	-	6 959 505	-	-
EPWP -1170794 NED	-	-	-	-	-	-
COVID-19-1170751 NED	396 386	-	-	396 386	-	-
BANK-OTHER 03/788 1170743	8 248 302	-	-	8 248 302	-	-
Bank RRAMS 1170816	-	-	-	-	-	-
Bank FMG 1170808 NED	-	-	-	-	-	-
Bank-LED SUMMIT NED 03/7881170778	203 000	-	-	203 000	-	-
Bank : Ned 03/7881170786	22 494 167	-	-	22 494 167	-	-
Investec Bank	19 532 115	18 773 462	18 192 684	19 532 122	18 773 462	18 192 833
ABSA Bank 2080249238 and 2065585419	10 237 306	10 000 000	10 098 038	10 237 306	10 000 000	10 098 038
Petty cash	9 000	9 000	9 000	9 000	9 000	9 000
Total	201 357 014	84 580 828	188 092 909	219 516 664	84 580 828	188 666 538

With effect 1 December 2021, the municipality changed the primary banking to Nedbank.

The comparative figure for cash and cash equivalent was restated.
Refer **Note 45**.

17. Finance lease obligation

Minimum lease payment due within one year	-	163 830
in second to fifth year inclusive	-	-
Less: future finance charges	-	163 830
Present value of minimum lease payments	-	(4 674)
Present value of minimum lease payments	-	159 156
within one year	-	159 156
in second to fifth year inclusive	-	159 156
Current liabilities	-	159 156
Non - current liabilities	-	159 156

It is the municipality policy to lease certain office equipment under leases. These leases have been classified as finance leases in accordance with GRAP standards on leases.

The average lease term was 3 years and the average effective borrowing rate was 10% (2021: 10%). All leases have fixed repayment terms with no escalation rate, but varies with the changes in the prime interest rate. The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

18. Unspent conditional grants and receipts comprise of :

Total Unspent conditional grants and receipts	120 876 257	35 641 906
National government grants	94 438 424	9 198 786
Provincial government grants	26 433 523	26 433 523
Other grant providers	4 311	9 598
120 876 257	35 641 906	
Movement during the year		
Balance at the beginning of the year	35 641 906	32 521 218
Additions during the year	657 602 271	554 247 259
Income recognition during the year	(572 112 932)	(548 752 369)
Roll-overs returned	(254 988)	(2 374 199)
Balance at the end of the year	120 876 257	35 641 906

The unspent conditional grant funding is covered within the cash and cash equivalents and current investments.

18.1 Unspent capital monetary allocations

	2021/2022				
	Opening Balance	Funds Received	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS					
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	6 486 918	75 000 000	(31 015 249)	-	50 471 669
MUNICIPAL DISASTER RELIEF GRANT (MDRG)	-	13 207 000	(13 207 000)	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)	-	105 211 737	(105 211 737)	-	-
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	-	454 461 000	(414 030 115)	-	40 430 885
TOTAL UNSPENT CAPITAL MONETARY ALLOCATIONS	6 486 918	647 879 737	(563 464 100)	-	90 902 554
	2020/2021				
	Opening Balance	Funds Received	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS					
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	168 456	92 101 000	(85 614 082)	(168 456)	6 486 918
WATER SERVICES INFRASTRUCTURE GRANT : DROUGHT	5 743	-	-	(5 743)	-
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)	-	33 386 432	(33 386 432)	-	-
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	-	420 197 000	(420 197 000)	-	-
TOTAL UNSPENT CAPITAL MONETARY ALLOCATIONS	174 199	545 684 432	(539 197 515)	(174 199)	6 486 918

18.2 Unspent operational monetary allocations

	2021/2022				
	Opening Balance	Funds Received	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS					
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG)	-	-	-	-	-
BUDGET REFORM	-	1 200 000	(1 200 000)	-	-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	-	3 860 000	(3 860 000)	-	-
ROAD ASSET MANAGEMENT SYSTEM (RRAMS)	254 988	3 003 000	(1 924 010)	(254 988)	1 078 990
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	460 000	-	-	-	460 000
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	(36 271)	-	-	-	(36 271)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	142 865	-	-	-	142 865
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	1 890 287	-	-	-	1 890 287
TOTAL NATIONAL GOVERNMENT GRANTS	2 711 868	8 063 000	(6 984 010)	(254 988)	3 535 870
PROVINCIAL GOVERNMENT GRANTS					
PLANNING GRANT DLA	1 456 032	-	-	-	1 456 032
VICTORIA POST	152 250	-	-	-	152 250
TEKO SPRINGS/NDLOVINI	68 161	-	-	-	68 161
NEEDS CAMP	33 714	-	-	-	33 714
HOGSBACK	130 884	-	-	-	130 884
HAGA HAGA	41 923	-	-	-	41 923
WILLOWDALE	171 954	-	-	-	171 954
ELLIOTDALE	9 274	-	-	-	9 274
NDEVANA	34 766	-	-	-	34 766
MSOBOMVU	57 530	-	-	-	57 530
HERTZOG	84 070	-	-	-	84 070
GREAT KEE PLANNING FUNDS	4 029	-	-	-	4 029
MINQUIMA PLANNING FUNDS	110 000	-	-	-	110 000
NGQUSHWA PLANNING FUNDS	46 667	-	-	-	46 667
NKONKOBÉ PLANNING FUNDS	53 063	-	-	-	53 063
MINQUIMA SURVEY	25 000	-	-	-	25 000
SURVEY INTEREST & CONTRIBUTION	61 680	-	-	-	61 680
NGQUSHWA SURVEY FUNDS	177 510	-	-	-	177 510
NKONKOBÉ SURVEY	116 200	-	-	-	116 200
LEWIS SURVEY	141 125	-	-	-	141 125
PRUDOE ENGINEERING DESIGN	1 348	-	-	-	1 348
DONGIVE ENGINEERING DESIGN	9 499	-	-	-	9 499
KUBUSIE ESTABLISHMENT GRANT	698	-	-	-	698
NDLOVINI ESTABLISHMENT GRANT	8 985	-	-	-	8 985

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	Restated
2022	2021
R	R

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Annual Financial Statements for the year ended 30 June 2022

2022	2021
R	R

NATIONAL GOVERNMENT GRANTS						
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	(53 523)	1 000 000	(946 477)	-	-	(0)
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	-	3 085 000	(3 085 000)	-	-	-
ROAD ASSET MANAGEMENT SYSTEM (RRAMS)	6	2 964 000	(2 709 019)	-	-	254 988
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	460 000	-	-	-	-	460 000
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE ENGOQBANE	(36 271)	-	-	-	-	(36 271)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	142 865	-	-	-	-	142 865
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	1 890 287	-	-	-	-	1 890 287
TOTAL NATIONAL GOVERNMENT GRANTS	2 403 364	7 049 000	(6 740 495)	-	-	2 711 868
PROVINCIAL GOVERNMENT GRANTS						
PLANNING GRANT DLA	1 456 032	-	-	-	-	1 456 032
VICTORIA POST	152 250	-	-	-	-	152 250
TEKO SPRINGS/NDLOVINI	68 161	-	-	-	-	68 161
NEEDS CAMP	33 714	-	-	-	-	33 714
HOGSBACK	130 884	-	-	-	-	130 884
HAGA HAGA	41 923	-	-	-	-	41 923
WILLOWDALE	171 954	-	-	-	-	171 954
ELLIOTDALE	9 274	-	-	-	-	9 274
NDEVANA	34 766	-	-	-	-	34 766
MSOBOMVU	57 530	-	-	-	-	57 530
HEARTZOG	84 070	-	-	-	-	84 070
GREAT KEI PLANNING FUNDS	4 029	-	-	-	-	4 029
MQUMQA PLANNING FUNDS	110 000	-	-	-	-	110 000
NGQUSHWA PLANNING FUNDS	46 667	-	-	-	-	46 667
NIKONKOB PLANNING FUNDS	51 063	-	-	-	-	51 063
MQUMQA SURVEY	25 000	-	-	-	-	25 000
SURVEY INTEREST & CONTRIBUTION	61 680	-	-	-	-	61 680
NGQUSHWA SURVEY FUNDS	177 510	-	-	-	-	177 510
NIKONKOB SURVEY	116 200	-	-	-	-	116 200
LEWIS SURVEY	141 125	-	-	-	-	141 125
PRUDOE ENGINEERING DESIGN	1 348	-	-	-	-	1 348
DONGWE ENGINEERING DESIGN	9 499	-	-	-	-	9 499
KUBUSIE ESTABLISHMENT GRANT	698	-	-	-	-	698
NDLOVINI ESTABLISHMENT GRANT	8 986	-	-	-	-	8 986
DUCATS ESTABLISHMENT GRANT	70 545	-	-	-	-	70 545
MACLANTOWN ESTABLISHMENT GRANT	16 849	-	-	-	-	16 849
PRUDOE ESTABLISHMENT GRANT	51 233	-	-	-	-	51 233
DONGWE ESTABLISHMENT GRANT	76 675	-	-	-	-	76 675
TEKO SPRING ESTAB GRANT	35 082	-	-	-	-	35 082
NEEDS CAMP ESTABLISHMENT GRANT	66 223	-	-	-	-	66 223
TEKO SPRING TOP STRUCTURE	106 438	-	-	-	-	106 438
PRUDOE TOP STRUCTURE	447 353	-	-	-	-	447 353
DONGWE TOP STRUCTURE	1 347 309	-	-	-	-	1 347 309
NEEDSCAMP TOP STRUCTURE	3 838	-	-	-	-	3 838
DUCATS TOP STRUCTURE SUBSIDY	23 244	-	-	-	-	23 244
KUBUSIE TOP STRUCTURE	3 816	-	-	-	-	3 816
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	2 643	-	-	-	-	2 643
KAYSERS BEACH HOUSING PROJECT	18 881	-	-	-	-	18 881
LILYVALE ENG DESIGNS	5 940	-	-	-	-	5 940
INSTITUTION AWARD (DLA)	5 897 061	(2 200 000)	3 697 061	-	-	3 697 061
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	3 215	-	-	-	-	3 215
ENVIRONMENTAL IMPACT ASSESSMENT	739 235	-	-	-	-	739 235
GEO HYDROLOGY	1 394 200	-	-	-	-	1 394 200
BAWIA FALLS LED	102 936	-	-	-	-	102 936
ELLIOTDALE BRICK MAKING	232 803	-	-	-	-	232 803
EC INFORMATION INITIATIVE SUPPORT	5 755	-	-	-	-	5 755
ECOTOP: BUTTERWORTH INTERCHANGE	1 506 964	-	-	-	-	1 506 964
ROOF TOP RAIN WATER HARVESTING	3 900	-	-	-	-	3 900
NGQUSHWA RAIN WATER HARVESTING	5 700	-	-	-	-	5 700
SILWINDALA WOMEN'S PROJECT	2 303	-	-	-	-	2 303
BALFOUR SAWMILLS	8 019	-	-	-	-	8 019
HIGHLANDS RESORTS	75 836	-	-	-	-	75 836
PEDDIE BRICKS MAKING	1 495	-	-	-	-	1 495
INKUTHALO HYDROPONICS	1 524	-	-	-	-	1 524
CAPACITY BUILDING FOR LM'S	5 128	-	-	-	-	5 128
LED CAPACITY BUILDING - NGQUSHWA	350 000	-	-	-	-	350 000
CHATHA DEVELOPMENT	2 413 456	-	-	-	-	2 413 456
FINGOLAND REGIONAL AUTHORITY	101 278	-	-	-	-	101 278
OWESA - CWEBE INSTITUTIONAL	5 308 303	-	-	-	-	5 308 303
CO-OPERATIVES SPECIALIST	22 280	-	-	-	-	22 280
TOURISM SURVEY	12 130	-	-	-	-	12 130
NYUBA DAM CHALETs DEVELOPMENT	6 264	-	-	-	-	6 264
VUNA AWARDS	9 289	-	-	-	-	9 289
PUBLIC AWARENESS	365	-	-	-	-	365
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	18 338	-	-	-	-	18 338
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	3 378 284	-	-	-	-	3 378 284
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	650 289	-	-	-	-	650 289
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	193 316	-	-	-	-	193 316
MQUMQA WAR ON LEAKS	(296 703)	-	-	-	-	(296 703)
SHIXINI WATER SUPPLY	6 487	-	-	-	-	6 487
WATER SERVICE SUPPORT	562 068	-	-	-	-	562 068
COMMUNAL WATER STATIONS (DSF/ CSW)	209 585	-	-	-	-	209 585
FREE BASIC SERVICES STRATEGY DEVELOPMENT	330 000	-	-	-	-	330 000
TOTAL PROVINCIAL GRANTS	28 633 523	-	-	-	(2 200 000)	26 433 523

At amortised cost

The comparative figure for non-current investments has been restated. Refer to **Note 45**

The above fixed deposit accounts have been classified as financial assets at amortised cost in accordance with GRAP 104: Financial Instruments. Maturity period was fixed at 5 years. The investment matured during the current year.

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	5 545 669	1 598 314	-	-	7 143 983
Leave provision	140 049 359	3 172 216	-	-	143 221 575
Provision for Workman's Compensation	3 080 855	-	-	-	3 080 855
	148 675 882	4 770 530	-	-	153 446 412

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	3 942 769	1 602 899	-	-	5 545 669
Leave provision	124 135 907	15 913 452	-	-	140 049 359
Provision for Workman's Compensation	-	3 080 855	-	-	3 080 855
	128 078 676	20 597 207	-	-	148 675 882

The uncertainties noted for the provision for Performance Bonus are as follows: Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the reporting date. The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2021/22 financial year, however this is subject to change once the assessments have been finalised. The payment of the 2016/17 year has not been paid yet due to financial constraints being experienced by the municipality. No provision has been made for the 2017/18 or 2018/19 financial year as due to the financial situation of the municipality, Directors opted to forfeit the performance bonuses.

The obligation for leave pay is certain, on the basis that the municipality does not have an unconditional right to avoid settlement. The leave policy stipulates that leave in excess of 48 days is forfeited if an employee fails to take such leave within the afforded period. The amount for the leave provision is therefore uncertain.

The obligation for the payment of workman's compensation is certain, on the basis that the municipality does not have an unconditional right to avoid settlement.

Since the assessment for the current year is not available, the amount of the provision has been estimated based on historical payments. The timing and the amount for the provision is however uncertain.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
21. Payables from exchange transactions		
Trade payables	399 736 828	382 652 969
Other payables	27 601 624	31 672 958
Accruals	66 731 103	54 572 561
Accrued service bonus	14 358 873	14 777 126
Retention payable	32 033 902	30 660 792
	540 461 431	514 336 406
Other payables include:		
Debtors with credit balances	17 132 193	20 476 990
Unidentified receipts	4 569 496	2 783 306
Salary control account	-	4 431 484
Sundry payables	5 899 935	3 981 178
The comparative figure for payables from exchange transactions has been restated. Refer to Note 45 .	27 601 624	31 672 958
Fair value of trade and other payables		
Trade creditors are non-interest bearing and are normally settled on 30-day terms.		
Retentions are non-interest bearing and are settled in terms of the contract agreement.		
Management policies are in place to ensure that all payables are paid within a reasonable time frame.		
Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.		
The carrying amount of trade payables approximates their fair value due.		
The movement on the service bonus accrual balances as above for the year was as follows:		
Accrued service bonus		
Opening balance	14 777 126	15 622 109
Additional provision	-	-
Unused amounts reversed	(418 253)	(844 983)
Closing balance	14 358 873	14 777 126
The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year. The municipality has an obligation to pay a service bonus in terms of its condition of employment.		
21.1 Other Payables from non exchange transactions		
Med Aid Retire contr	7 737 158	6 131 656
Pension- retirement	68 062	67 003
	7 805 220	6 198 659
22. Taxes and transfers payable (non - exchange)		
Other payables from non - exchange transactions	8 910 768	9 697 592
This amount relates to the 30 June 2022 PAYE, UIF and SDL that was paid during July 2022.		
23. Consumer deposits		
Water and Sanitation	3 615 344	3 319 864
The consumer deposits relate to the water and sanitation function.		
The municipality does not have an unconditional right to defer the payment of the consumer deposits.		
Deposits are released when an owner of the property terminates the contract with the municipality to supply water to the property.		
24. Revenue		
Service charges	524 320 833	414 079 881
Rental of facilities and equipment	238 896	288 759
Interest earned outstanding receivables	54 007 092	67 560 222
Other income	3 257 899	2 617 920
Interest received - investments	13 551 978	9 998 857
Government grants & subsidies	1 511 374 931	1 511 872 399
Donations received	53 680	-
	2 106 805 369	2 006 418 639
The amount included in revenue arising from exchange of goods or services are as follows:		
Service charges	524 320 833	414 079 881
Rental of facilities and equipment	238 896	288 759
Interest earned outstanding receivables	54 007 092	67 560 222
Other income	3 257 899	2 617 920
Interest received - investments	13 551 978	9 998 857
	595 376 698	494 545 639
The amount included in revenue arising from Non exchange of goods or services are as follows:		
Donations received	53 680	-
Transfer revenue		
Government grants & subsidies	1 511 374 931	1 511 872 399
	1 511 428 611	1 511 872 399
25. Service charges		
Sale of water	371 633 659	300 620 485
Sewerage and sanitation charges	145 441 810	111 560 238
Other service charges	7 245 365	1 899 159
	524 320 833	414 079 881
Service charges are reflected at an amount net of subsidy to indigents amounting to R20 184 935 (2021: R17 866 231) for both water and sanitation and discounts of R 8 626 541 (2021: R1 470 509) from the incentive scheme. The service charges comparative figure was restated, refer Note 45 .		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
26. Rental facilities and equipment		
Facilities and equipment		
Premises and facilities	238 896	288 759
	238 896	288 759
27. Other income		
Commission	988 325	836 771
Sundry income	2 269 674	1 781 149
	3 257 899	2 617 920
28. Interest received - investment		
Bank	11 687 506	8 615 060
Financial assets	1 864 472	1 383 797
	13 551 978	9 998 857
29. Government grants and subsidies		
Operating grants		
Other government grants and subsidies	229 725 051	9 054 885
Levy replacement grant	438 275 000	404 259 000
Equitable share	500 987 000	559 361 000
	1 168 987 051	972 674 885
Capital grants		
Water services infrastructure grant (WSIG)	28 022 942	85 614 082
Rural bulk infrastructure grant (RBIG)	105 211 736	33 386 432
Municipal infrastructure grant (MIG)	195 946 201	420 197 000
Municipal Relief Disaster Grant	13 207 000	-
	342 387 880	539 197 515
	1 511 374 931	1 511 872 399
The comparative figure for government grants and subsidies has been restated. Refer to Note 45 .		
Within the grants and subsidies amounts above, as per Circular 48 ADM has recognised the following amounts as own revenue:		
Other grants	19 345 561	15 571 766
MIG	47 937 163	48 495 984
Conditional and Unconditional		
Unconditional		
Equitable share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigent receive a monthly subsidy of which is funded from the grant.		
Equitable share		
Current year receipts	500 987 000	559 361 000
Conditions met - transferred to revenue	(500 987 000)	(559 361 000)
	-	-
Levy grant replacement		
Current year receipts	438 275 000	404 259 000
Conditions met - transferred to revenue	(438 275 000)	(404 259 000)
	-	-
Regional Services Council levies were abolished during 2006. This grant is used to subsidise the operations of the District Municipality due to the significant change in funding.		
Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act 6 of 2022), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.		
Conditional		
Municipal infrastructure grant (MIG)		
Balance unspent at beginning of year	-	-
Current year receipts	454 461 000	420 197 000
Conditions met - transferred to revenue	(414 030 115)	(420 197 000)
	40 430 885	-
Conditions still to be met - remain liabilities (see note 18)		
The unspent amount was returned to National Treasury during November 2022.		
Regional bulk infrastructure (RBIG)		
Balance unspent at beginning of year	(1)	(1)
Current year receipts	74 764 680	33 386 432
Other receipts	30 447 057	-
Conditions met - transferred to revenue	(105 211 737)	(33 386 432)
	-	(1)
Conditions still to be met - remain liabilities (see note 18)		
An amount of R30 447 057 was only received during July 2022, this amount related to invoices from the current year. A debtor has been recognised for this amount, refer Note 14 .		
Expanded public works programme (EPWP)		
Balance unspent at beginning of year	-	-
Current year receipts	3 860 000	3 085 000
Conditions met - transferred to revenue	(3 860 000)	(3 085 000)
	-	-
Conditions still to be met - remain liabilities (see note 18)		
Financial Management (FMG)		
Balance unspent at beginning of year	-	(53 523)
Current year receipts	1 200 000	1 000 000
Condition met - transferred to revenue	(1 200 000)	(946 477)
	-	-
Conditions still to be met - remain liabilities (see note 18)		
Rural Roads Asset Management Grant (RAMS)		
Balance unspent at beginning of year	254 975	(6)
Current year receipts	3 003 000	2 964 000
Conditions met - transferred to revenue	(1 924 010)	(2 709 019)
Unspent amount returned to funder	(254 988)	-
	1 078 977	254 975
Conditions still to be met - remain liabilities (see note 18)		
The unspent amount was returned to National Treasury during November 2022.		
Water Services Infrastructure Grant (WSIG)		
Balance unspent at beginning of year	6 486 918	168 456
Current year receipts	75 000 000	92 101 000
Conditions met - transferred to revenue	(31 015 249)	(85 614 082)
Unspent amount returned to funder	-	(168 456)
	50 471 669	6 486 918
Conditions still to be met - remain liabilities (see note 18)		
The unspent amount was returned to National Treasury during November 2022.		
Water Services Infrastructure Grant - Drought Relief (WSIG)		
Balance unspent at beginning of year	-	5 743
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Unspent amount returned to funder	-	(5 743)
	-	-
Conditions still to be met - remain liabilities (see note 18)		
Neighbourhood Development Partnership Grant (NDPG)		
Balance unspent at beginning of year	1 890 287	1 890 287
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
	1 890 287	1 890 287
Conditions still to be met - remain liabilities (see note 18)		
Municipal Disaster Grant		
Balance unspent at beginning of year	566 593	566 593
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
	566 593	566 593
Conditions still to be met - remain liabilities (see note 18)		
I 6 Seta		
Balance unspent at beginning of year	5 286	805 848
Current year receipts	1 659 535	1 513 827
Conditions met - transferred to revenue	(1 664 822)	(2 314 389)
	(1)	5 286
Conditions still to be met - remain liabilities (see note 18)		
Municipal Disaster Grant		
Balance unspent at beginning of year	-	-
Current year receipts	13 207 000	-
Conditions met - transferred to revenue	(13 207 000)	-
Unspent amount returned to funder	-	-
	-	-
Conditions still to be met - remain liabilities (see note 18)		
Refer to annexure and Note 18 for details		

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
30. Employee related costs		
Employee related costs - Salaries and Wages	403 881 228	412 341 135
Bonus	33 977 387	34 818 448
Medical aid - company contributions	40 373 652	40 180 572
UIF	2 933 428	2 822 010
WCA	-	3 080 855
Leave pay provision charge	6 584 534	19 259 689
Contribution: Pension fund	71 622 142	71 377 435
Contribution: Group life	3 521 729	2 910 061
Bargaining council	177 746	177 589
Employee benefit contribution	5 206 964	11 180 753
Travel, motor car, accommodation, subsistence and other allowances	37 251 083	37 766 848
Overtime payments	33 421 660	31 549 602
Car allowance	9 780 972	12 404 228
Housing benefits and allowances	2 891 149	3 069 933
Allowance: cell phone	9 216 424	9 679 320
Allowance: shift	3 527 688	3 708 497
Allowance: Standby, Night and Sunday	14 778 880	14 138 748
	679 156 667	710 465 724
The comparative figure for employee related costs has been restated. Refer to Note 45 .		
Amounts expensed in respect of retirement benefit plans		
Defined contribution funds	71 622 142	70 139 317
Defined benefits funds	0	1 237 014
	71 622 142	71 376 331
Remuneration of Municipal Manager: Dr T.T Mnyimba		
Remuneration	2 398 870	2 436 532
Contribution to UIF and Bargaining Council	2 164	1 898
Cell phone allowance	12 100	13 200
	2 413 134	2 451 630
The contract of the Municipal Manager expired end of May 2022		
Remuneration of Chief Financial Officer: Mr M.L Mosala		
Remuneration	1 084 627	1 084 819
Contribution to UIF, Bargaining Council and Pension Funds	197 397	197 166
Travel allowance	168 000	168 000
Housing allowance	349 351	349 351
	1 799 375	1 799 336
The Chief Financial Officer was acting as the Director Corporates services since 1st January 2021. There was no acting allowance paid as this is the same level position.		
Remuneration of the Director Engineering: Mr N.M Dungu		
Remuneration	1 079 488	1 079 488
Contribution to UIF and Bargaining Council	1 898	1 898
Travel allowance	300 000	300 000
Housing allowance	417 950	417 950
	1 799 336	1 799 336
Remuneration of the Director Strategic Management: Mrs A.Tinta		
Remuneration	1 557 211	1 557 438
Contribution to UIF and Bargaining Council	2 164	1 898
Travel allowance	240 000	240 000
	1 799 375	1 799 336
Remuneration of the Director Corporate services: Mr M.A.Dlwayo		
Remuneration	-	83 038
Housing Allowance	-	19 899
Contribution to UIF, Medical and Pension Funds	-	15 096
Travel Allowance	-	27 000
	-	145 032
The Director of Corporate Services resigned with effect 31 July 2020.		
Remuneration of the Director Corporate services: Mr K Mrali		
Remuneration	1 129 636	-
Contribution to UIF, Medical and Pension Funds	152 763	-
	1 282 399	-
The Director of Corporate Services was appointed during September 2021		
Remuneration of the Director Community Services: Mrs Y.H. Mniki		
Remuneration	488 962	1 278 270
Contribution to UIF and Pension Funds	96 195	251 161
Travel allowance	49 149	122 037
Group Life	8 435	28 569
Housing allowance	45 909	120 000
	688 651	1 800 037
The Director of Community Services resigned with effect 11 November 2021		
Remuneration of the Director Spatial Planning and Development: Mr S.S Mrweba		
Remuneration	1 066 041	1 066 233
Contribution to UIF and Pension Funds	194 051	193 820
Travel allowance	180 000	180 000
Housing allowance	359 283	359 283
	1 799 375	1 799 336
31. Remuneration of councillors		
Councillors 2022: (47) 2021: (47)	13 130 926	14 137 483
Councillors allowance	1 585 535	2 096 162
	14 716 460	16 233 645
In - kind benefits		
The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full- time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has the use of a Council owned vehicle for official duties.		
The Executive Mayor has two full- time body guards.		
The salary allowances and benefits of the political office - bearers are within the upper limits of the framework prescribed by Sec 219 of Constitution.		
Executive Mayor: K.Maneli		
Salary	377 344	1 037 485
Cell phone Allowances	17 000	40 800
3G Allowance	1 459	3 600
	395 803	1 081 885
The term for Executive Mayor KC Maneli came to an end, and a new Executive Mayor was sworn in during December 2021		
Deputy Executive Mayor: N.W Nxaawe		
Salary	377 344	832 529
Cell phone Allowances	17 000	67 130
3G Allowance	1 459	3 600
	395 803	903 259
The term for Deputy Executive Mayor NW Nxaawe came to an end during December 2021		
Speaker: N. Ndikinda		
Salary	306 552	832 021
Cell phone Allowances	17 000	40 800
3G Allowance	1 459	3 600
	325 011	876 421
Councillor Ndikinda was sworn in as the Executive Mayor during December 2021		
Executive Mayor: N. Ndikinda		
Salary	607 304	-
Cell phone Allowances	23 800	-
3G Allowance	1 855	-
	632 959	-
The Executive Mayor, Councillor Ndikinda was sworn in during December 2021		
Speaker: N.V. Mgidlana		
Salary	486 141	-
Cell phone Allowances	23 800	-
3G Allowance	1 855	-
	511 796	-
The Speaker, Councillor Mgidlana was sworn in during December 2021		
Cllr L.E.V Jacobs		
Salary	205 664	585 015
Cell phone Allowances	14 527	40 800
3G Allowance	68 555	195 005
Travel Allowance	1 282	3 600
	290 028	824 420
Councillor Jacobs resigned as a Councillor during December 2021		
Cllr N. Skelenge		
Salary	274 219	780 020
Cell phone Allowances	14 527	40 800
3G Allowance	1 082	3 600
	290 028	824 420
Councillor Skelenge resigned as a Councillor during December 2021		

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
Cllr. N.V Mgidlana		
Salary	225 205	586 623
Cell phone Allowances	17 000	40 800
3G Allowance	63 650	200 741
Housing Allowance	1 459	3 600
	307 314	831 764
Councillor Mgidlana was sworn in as Speaker during December 2021		
Cllr. B.M Ganjana		
Salary	-	79 185
Cell phone Allowances	-	5 019
3G Allowance	-	443
Travel allowance	-	25 429
	-	110 076
Councillor Ganjana passed away during the current year on 14 August 2020.		
Cllr. S.E. Ndwiyana		
Salary	274 219	779 631
Cell phone Allowances	14 527	60 547
3G Allowance	1 282	3 600
	290 028	843 778
Councillor Ndwiyana resigned as a Councillor during December 2021		
Cllr. M.M Namba		
Salary	274 219	780 020
Cell phone Allowances	14 527	40 800
3G Allowance	1 282	3 600
	290 028	824 420
Councillor Namba resigned as a Councillor during December 2021		
Cllr. Z Kabane		
Salary	242 683	690 317
Cell phone Allowances	14 527	40 800
Travel Allowance	31 710	89 703
3G Allowance	1 282	3 600
	290 203	824 420
Councillor Kabane resigned as a Councillor during December 2021		
Cllr. N. Rulashe		
Salary	744 852	705 967
Cell phone Allowances	40 800	37 400
3G Allowance	3 314	3 200
	788 965	746 667
Cllr. N. A Bonga		
Salary	-	164 486
Cell phone Allowances	-	8 191
3G Allowance	-	723
	-	173 400
Councillor Bonga passed away during September 2020.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
Cllr. N. Nyatela		
Salary	744 852	770 146
Cell phone Allowances	40 800	40 800
3G Allowance	3 314	3 600
	788 965	814 546
Cllr. N.O. Mfecane		
Salary	736 808	757 140
Cell phone Allowances	40 800	40 800
3G Allowance	3 314	3 600
Reimbursive Travel	1 937	-
	782 859	801 540
Councillor Mfecane was sworn in as Chief Whip during December 2021		
Cllr. K.C. Maneli		
Salary	458 914	-
Cell phone Allowances	23 800	-
3G Allowance	1 854	-
Reimbursive travel	1 297	-
	485 866	-
Councillor Maneli resigned as Executive Mayor during December 2021		
Cllr. Z Mngqwazi		
Salary	274 219	780 020
Cell phone Allowances	14 527	40 800
3G Allowance	1 282	3 600
	290 028	824 420
Councillor Mngqwazi resigned as Councillor during December 2021		
Cllr. X. Mngxaso		
Salary	447 902	-
Cell phone Allowances	23 800	-
3G Allowance	1 855	-
	473 557	-
Councillor Mngxaso was sworn in during December 2021		
Cllr. B. Ketelo		
Salary	470 633	-
Cell phone Allowances	26 273	-
3G Allowance	2 114	-
Travel reimbursive	1 719	-
	500 739	-
Councillor Ketelo was sworn in during December 2021		
Cllr. A.B. Madikane		
Salary	470 633	-
Cell phone Allowances	26 273	-
3G Allowance	2 114	-
	499 019	-
Councillor Madikane was sworn in during December 2021		
Cllr. F. Phumaphi		
Salary	470 633	-
Cell phone Allowances	26 273	-
3G Allowance	2 114	-
Travel reimbursive	1 719	-
	500 739	-
Councillor Madikane was sworn in during December 2021		
32. Depreciation, amortisation and impairment		
Depreciation and amortisation		
Property, plant and equipment	95 038 004	159 083 135
Intangible assets	-	6 300 381
Investment property	357 613	325 113
	-	29 101 127
Impairment	-	29 101 127
Property, plant and equipment	-	29 101 127
Intangible assets	-	-
	95 395 617	194 809 756
33. Finance costs		
Total finance costs	33 398 986	37 083 447
Finance leases	-	29 703
Employee benefit obligation	17 675 030	14 843 763
VAT Interest/SARS	4 379	-
Rehabilitation provision of solid waste side	569 021	539 357
Interest overdue accounts	15 150 547	21 644 053
Interest bank /overdraft	8	26 572
	33 398 986	37 083 447
The comparative figure for finance costs has been restated, refer Note 45 .		
34. Debt impairment		
Contributions to debt impairment provision - other	-	7 458 591
Contributions to debt impairment provision - sewer	189 201 199	168 799 615
Contributions to debt impairment provision - water	283 801 801	322 287 979
	473 003 000	498 546 185
35. Contracted services		
Contractual amounts		
Office equipment	1 006 371	842 491
Accommodation Office Space and parking	42 229 390	36 218 826
Cleaning & hygiene	294 158	278 010
Sewerage	20 883	-
Security & Bodyguards	30 226 568	55 683 574
Project Management	(176 837)	-
Qualification verification	26 455	-
	73 626 988	93 022 901
36. Inventory consumed		
VIP toilet structures	80 886 432	262 248 519
Water	109 783 946	118 559 229
	190 670 378	380 807 748
The comparative figure for inventory consumed has been restated by R118 559 229. Refer Note 44 .		
The amount includes the value of completed structures that have been constructed and transferred to the beneficiaries.		

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
37. Operational costs		
Administration	464 183	248 865
Advertising	719 008	648 935
Audit committee meetings	1 272 000	1 153 000
Audit fees	8 129 641	6 041 345
Bank charges	1 775 904	1 616 856
Bursaries and donation	30 257	-
Chemicals	21 750 631	13 471 005
Commission paid	9 643 550	9 415 505
Community Based Organisation	2 753 653	2 689 367
Conference expenses	1 247 722	929 999
Consultants	18 106 877	715 592
Consumables	5 497 803	537 310
Database Expenditure	79 629	83 877
Disciplinary Committee	476 000	-
Emergency provisions	-	170 098
Food and Beverages	94 466	9 156
Foreign exchange translation loss	169 956	-
Hiring costs	19 264 660	8 921 331
Insurance Premium Cost	4 265 812	5 240 866
Inventory movement: Water	-	(5 082)
Inventory write down	-	-
Legal fees and Litigation	9 508 434	7 346 631
Licenses and subscription	1 093 915	1 234 933
Membership fees	11 634 079	9 414 888
Municipal Utilities	41 583 569	52 934 662
Postage	44 253	54 847
Printing and stationery	494 214	324 831
Protective clothing & uniforms	496 305	135 690
Refreshments and catering	234 492	649 072
Sampling and Testing	1 577 950	1 868 710
Skill Development Levy	5 751 830	3 871 874
Software and Computer	18 705 233	42 604 493
Solid waste site eastern region costs	759 104	1 531 444
Subsistence and Travel	8 161 457	8 260 591
Telephone and data expenses	5 025 977	7 133 112
Transport	13 063 408	11 147 855
Traffic fines	3 200	-
Water research levy	1 126 604	430 733
Special programmes	5 689 915	5 071 812
	220 695 693	205 904 202

The comparative figure for operational costs has been restated. Refer to **Note 45**.

38. Auditors' remuneration		
Fees paid	8 129 641	6 041 345
	8 129 641	6 041 345
39. Net cash flows from operating activities		
Surplus/(Deficit)	294 801 885	(177 710 214)
Adjustments for:		
Depreciation, amortisation and impairment	95 395 617	194 809 756
Gain/(loss) on sale of asset and liabilities	2 464 792	6 831 774
Contribution to debt impairment	473 003 000	498 546 185
Movement in provisions	569 022	20 525 206
Movement in provisions rehabilitation	4 770 530	539 356
Changes in working capital:		
Decrease/(increase) in inventories	(116 156 307)	(12 690 636)
(Increase)/decrease in receivables from exchange transactions	(22 934 610)	112 094 407
Contribution to debt impairment	(473 003 000)	(498 546 185)
Increase in consumer deposits	295 480	144 823
(Increase)/decrease in other receivables from non-exchange transactions	(32 609 869)	(378 219)
Increase/(decrease) in payables from exchange transactions	27 731 586	(51 997 712)
(Increase)/decrease in VAT payable	48 929 794	16 725 996
(Decrease)/increase in taxes and transfers payable (non exchange)	(786 824)	(12 037 919)
Increase/(decrease) in unspent conditional grants and receipts	85 234 350	4 404 689
Increase/(decrease) in operating lease liability	1 108 776	(1 784 354)
Decrease in non current receivables	-	107 043
Increase/(decrease) in defined benefit obligation	-	26 075 624
	388 814 220	125 659 620

The cash flow figures have been restated due to the prior period errors. Refer **Note 45**.

40. Financial instruments disclosure

Categories of financial instruments

2022		
Financial assets	At amortised cost	Total
Non - current receivables	1 603 760	1 603 760
Trade and other receivables from exchange transactions	228 773 200	228 773 200
Other receivables from non-exchange transactions	32 853 987	32 853 987
Cash and cash equivalents	219 516 665	219 516 665
Current investment	7 137 129	-
	489 884 740	482 747 611
Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	548 266 651	548 266 651
	548 266 651	548 266 651
2021		
Financial assets	At amortised cost	Total
Non - current receivables	1 603 760	1 603 760
Trade and other receivables from exchange transactions	205 838 589	205 838 589
Other receivables from non-exchange transactions	244 118	244 118
Cash and cash equivalents	84 580 828	84 580 828
Non - current investment	5 000 000	5 000 000
	297 267 295	297 267 295
Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	520 535 065	520 535 065
	520 535 065	520 535 065
41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	409 684 621	994 743 948
• Community	8 353 080	7 083 894
• Other - Land and Buildings	14 187 425	406 768
	432 225 126	1 002 234 610
This expenditure will be financed from		
• Government Grants	416 373 872	1 000 164 013
• Own Resources	15 851 253	2 070 596
	432 225 126	1 002 234 610

The comparative figure for Capital commitments has been restated. Refer **Note 45**.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	24 393 077	34 372 063
- in second to fifth year inclusive	-	24 393 077
Total exclusive of VAT	24 393 077	58 765 140
Total inclusive of VAT	25 052 099	67 579 912

Operating lease payments represent rentals payable by the entity for occupation of leased buildings as well as photocopyers.

Rentals are negotiated for an average of 2 years and rentals escalate on average at 10% per annum.

11 Lease contracts are renewed on a month to month basis.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	142 723	214 985
- in second to fifth year inclusive	181 477	324 200
- later than five years	-	-
	324 200	539 186

Operating Leases consists of the following:
Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga and Cathcart.
No contingent rent is payable.

Leases are negotiated for an average of 7 years and rentals escalate by an average of 8.8% annually.

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
42. Contingencies		
Contingent liabilities		
Legal claims		
The following claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful is disclosed. The timing of the legal proceedings regulating the claims is uncertain.		
Legal disputes relate to:		
Compensation for goods delivered by suppliers		
The municipality is disputing claims by suppliers for goods delivered	1 028 394	1 028 394
The municipality has been sued in respect of a vehicle that was taken to the complainant to be repaired by Nkonkobe Local Municipality (now part of Raymond Mhlaba municipality) years ago and was never collected. There is uncertainty as to who actually owns the vehicle in question. The municipality is being sued for storage fees. Default judgement was granted against ADM and a Warrant of Execution was issued. ADM is not willing to pay for a vehicle it does not own.	19 094	19 094
Compensation for work performed by a contractor		
The claim is in respect of services rendered in the amount of R 1 323 586. The entity performed poorly but were nonetheless paid proportionately in terms of the agreement. Exceptions have been raised. The matter is not progressing.	1 323 586	1 323 586
Supply of toilets pursuant to a cession agreement		
Supply of toilets pursuant to a cession agreement with service provider. Discovery affidavits have been filed. Matter still pending in High Court.	34 921 848	34 921 848
Supply of VIP toilets structures		
The service provider supplied VIP toilet structures to the ADM before its contract was terminated. It has claimed specific performance, alternatively damages for enrichment. ADM has filed its plea and the matter is pending at High Court.	64 493 632	64 493 632
Supply of water		
The Minister of Water and Sanitation has sued ADM for outstanding water use charges and water research levies. The claims date back to when ADM assumed the responsibilities of water service provider. ADM has brought an exception to the claim, the matter is still pending.	46 571 286	46 571 286
Compensation for services rendered		
There is a dispute on payment of system support hence the service provider is anticipating to raise this in court.	35 522 212	35 522 212
Claim for repayment		
Applicants claim the balance of account of R1.7 million after contract been terminated by ADM. The matter has been settled.	-	1 700 000
Loss of income		
Attorney Pretorius is claiming an amount of R700 000.00 in respect of loss of income from ADM arising out of the termination of contract as panel Attorneys. Matter is still ongoing.	700 000	700 000
Death of child		
The Plaintiff is claiming an amount of R500 000.00 arising out of the death of her child who drowned in the ADM sewerage dam near Butterworth. Matter is ongoing.	500 000	500 000
Total contingent liabilities	185 080 051	186 780 051

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
Contingent assets		
The following contingent assets have been disclosed and not recognised as the outcome is dependent on a legal ruling.		
Non-performance on a contract	500 595	500 595
The municipality has instituted legal action against a contractor and its surety. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The matter has since been put on the list of matters to be referred to a judge for the purposes of a Case Management Conference.		
Compensation for work performed by contractor	4 866 641	4 866 641
The municipality has been settled the payment of outstanding amounts claimed in relation to the construction of RDP houses. The municipality expects the recovery of the amounts construction of RDP houses. The municipality expects the recovery of the amounts from the Eastern Cape Department of Human Settlements. ADM is awaiting a pre-trial date.		
Fraudulent fuel purchase	125 091	125 091
Claim for fraudulent fuel purchases. Application for Default Judgment has finally been granted by the clerk of court.		
Cancellation of contract	1 400 000	1 400 000
Court application being launched to cancel portion of contract relating to TLB. Service provider has undertaken to provide substitute machine.		
Legal action to recover irregular expenditure	88 092	88 092
The Municipality has instructed that the loss suffered due to the irregular and fraudulent procurement of uniform and trophies be recovered from the service providers concerned.		
Breach of contract	1 198 370	1 198 370
The municipality instituted legal action against a contractor for damages related to breach of contract as a result of the contractors abandonment of the project. Amended particulars of claim served. Prospects of success are minimal and intention to close the file.		
Claims for RSC levies and Water and Sanitation	35 169 85 563 80 646 13 121 100 828 72 804 388 131	35 169 85 563 80 646 13 121 100 828 72 804 388 131
Total contingent assets	8 566 919	8 566 919
43. Related parties		
Relationships		
Controlled entities Refer to note 7		
Related party transactions		
Shared internal audit services for ASPIRE	532 316	483 759
Seconded services		
Acting: Chief Financial Officer	-	316 302
Acting COO	861 048	861 048
Fees paid to Audit Committee Members for ASPIRE		
P. Zizumane	-	100 000
T.Maqwati	-	78 000
Prof.Plaatjies	120 000	-
P. Songo	108 000	-
V.Hlehliso	144 000	146 000
V.Ntsodo	170 000	145 000
B. Bothma	108 000	100 000
Administration fees paid to (received from) related parties		
Amathole Economic Development Agency SOC Limited t/a (ASPIRE)	11 500 000	17 250 000
Neighbourhood Development Programme Grant		
NDPG	-	-
Billed ASPIRE for payment of audit committee fees	166 087	-
Payment to audit committee members	(166 087)	-
Rental in kind for the provision of office facilities	999 301	969 303
Legal services	52 800	-
The Amathole Economic Development Agency was established 1 September 2005		
Place of Incorporation: South Africa		
Principal Activity: To promote local economic development in the Amathole Municipal District Area.		
Key management information		
Refer to Note 30 and 31		
44. Restatement of comparative figures		
The comparative figure for Inventory consumed has been restated by an amount of R118 559 229 as water purchased and consumed has been disclosed as part of Inventory consumed and no longer as bulk purchases. Refer Note 36		
Inventory Consumed as previously reported	-	262 248 519
Restated Inventory Consumed	-	380 807 748
Restated amount	-	(118 559 229)
45. Prior period errors		
Capital commitments		
The comparative figure for capital commitments was restated in the current year due to invoices that were omitted during 2019/20 and removal of terminated projects. The restatement only impacts disclosure and thus has no effect on the statement of Financial Position and Performance. The Capital commitments decreased by R1 424 293. Refer to Note 41 .		
The figures as previously reported 2020/21 financial year:		
Capital commitments - Infrastructure assets		995 678 991
Capital commitments - Community assets		7 573 144
	-	1 003 252 135
The figures restated:		
Capital commitments - Infrastructure assets		994 743 948
Capital commitments - Other land buildings		7 083 894
		1 001 827 842
The figures have been restated as follows:		
Decrease in Capital commitments - Infrastructure assets		935 043
Decrease in Capital commitments - Community		489 750
		1 424 293
Unauthorised expenditure		
The comparative figure for unauthorised expenditure was restated for the comparative as follows: The unauthorised expenditure increased by R51 269 403. The increase was as a result of prior period adjustments being recognised. The restatement only impacts disclosure and thus has no effect on the statement of Financial Position and Performance. Refer Note 47 .		
The figures as previously reported 2020/21 financial year:		
Opening balance		85 139 985
Add: Unauthorised Expenditure during the current year		-
Less: Amounts written off by Council		-
		85 139 985
The figures restated:		
Opening balance		85 139 985
Add: Unauthorised Expenditure during the current year		51 269 403
Less: Amounts written off by Council		-
		136 409 388
The 2020/21 unauthorised expenditure figure increased		
Current year expenditure		51 269 403

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
Fruitless and wasteful expenditure		
The comparative figure for fruitless and wasteful expenditure was restated for the comparative as follows: The fruitless and wasteful expenditure increased by R43 456 815. The increase was a result of interest being recognised on the debt owed to the water board for the purchase of bulk water. This interest has not been paid. The restatement only impacts disclosure and thus has no effect on the statement of Financial Position and Performance. Refer Note 48 .		
The figures as previously reported 2020/21 financial year:		
Opening balance		3 266 636
Add: Fruitless and wasteful Expenditure during the current year		6 960 460
Less: Amounts written off by Council		(3 266 636)
		6 960 461
The figures restated:		
Opening balance		32 764 686
Add: Fruitless and wasteful Expenditure during the current year		20 919 226
Less: Amounts written off by Council		(3 266 636)
		50 417 277
The 2020/21 fruitless and wasteful figure increased		13 958 766
Opening balance increased		29 498 050
		43 456 815

Inventories
Inventories increased by an amount of R267 500 when correcting an error in the costing of the VIP toilets. The error was identified in the current year and adjusted retrospectively. Refer **Note 12**.

Receivables from exchange transactions
Receivables from exchange transactions consumers were decreased by an amount of R7 660 136 which relates to billing adjustments. The error was retrospectively corrected. Refer **Note 13**

Decrease 2020/21	7 002 133
Decrease 2019/20	305 261
Decrease 2018/19	342 844
Decrease 2017/18	109 900
	7 760 137

Receivables from exchange transactions other were increased by an amount of R831 542 which relates to the reclassification of accrued interest. The error was retrospectively corrected. Refer **Note 13**

Cash and Cash equivalents
The cash and cash equivalent was adjusted retrospectively with an amount of R567 838 which was classified as cash and cash equivalent instead of the interest accrued hence the cash reduced with the amount of R567 838 and other receivables increased with R567 838. The error was corrected retrospectively. Refer to **note 16**.

Receivables from non-exchange transactions
A debtor of R1 284 000 had been recognised for National Treasury as the DORA gazetted amount of Equitable Share was not fully received in the prior financial year. The amount was reversed as there has been no correspondence that the funds would be received. It was corrected retrospectively. Consequently, the government grants and subsidies were restated by the same amount.
In addition an amount of R384 823 was corrected from the prior year clearing account.
Refer **Note 14**.

Property, plant and equipment
An increase of R272 406 325 was made to the comparative figure for Property, plant and equipment as a result of corrections made in the current year identified from physical verification and assets not being correctly capitalised. The error has been adjusted retrospectively. Refer **Note 4**.

Intangible Assets
Intangible Assets was increased by an amount R941 025 due to an invoice for financial system developments that were not correctly capitalised. The error was identified in the current year. The error has been adjusted retrospectively. Refer **Note 5**.

Non-current investments
The non current investments were adjusted retrospectively with an amount of R263 704 which was classified as an investment instead of the interest accrued hence the non current investment reduced by an amount of R263 704. Refer **Note 19**. Other receivables increased with R263 704.

Current portion of employee benefit obligation
An amount of R5 751 000 was restated from the comparative figure for provisions to separately disclose the current provision of the employee benefit obligation. This was restated in the current year and adjusted retrospectively. The provisions consequently decreased by the same amount. Refer **Note 9**

Payables from exchange transactions
Payables increased by R78 714 146 as invoices were identified that had not been previously recognised and which were recognised in the incorrect financial year. This amount also includes interest of R43 456 815 that was recognised on the debt owed to the Water Board. The error was corrected in the current year and adjusted retrospectively. Refer **Note 21**

VAT payable
VAT payable decreased by R5 281 731 as invoices were identified that had not been previously recognised and which were recognised in the incorrect financial year. The error was corrected in the current year and adjusted retrospectively. Refer **Note 56**

Provisions
The comparative figure for provisions was decreased by an amount of R5 751 000 to separately disclose the current provision of the employee benefit obligation. This was restated in the current year and adjusted retrospectively. The Employee benefit provision consequently increased by the same amount. Refer **Note 20**

Service charges
The comparative figure for service charges was corrected retrospectively by an amount of R6 088 811 due to billing adjustments.
Refer **Note 25**.

Government grants & subsidies
The conditional grant and subsidies included an amount of R1 284 000 from National Treasury as the DORA gazetted amount of Equitable Share which was not received in the prior financial year. The amount was reversed as there has been no correspondence that the funds would be received as per the Gazette. It was corrected retrospectively. Consequently, the Receivables from non-exchange transactions was restated by the same amount.
Refer **Note 29**.

Employee related costs
The employee related costs were reduced by an amount of R11 028 being the correction of overtime paid. The error was corrected retrospectively.
Refer **Note 30**.

Finance costs
Finance costs were increased by an amount of R341 141. The error was corrected in the current year and adjusted retrospectively.
Invoices identified as not being recognised or recognised in the incorrect financial year, certain of these invoices had an interest component. In addition to these invoices an amount of R13 958 766 was recognised as interest on the debt owed to the Water Board.
Refer **Note 33**.

Repairs and maintenance
Repairs and maintenance was increased by an amount of R304 958. This error was identified in the current year and corrected retrospectively as invoices were found to be incorrectly capitalised.
Refer **Note 54**.

Operational costs
Operational costs increased by R1 973 662 as invoices were identified that had not been previously recognised and which were recognised in the incorrect financial year. The error was corrected in the current year and adjusted retrospectively. Refer **Note 37**.

The effect of the prior period errors are summarised in the table below:
Statement of Financial Performance

	Balance as previously reported	Correction of error	Restated balance
Service Charges	- 420 168 692	6 088 811 -	414 079 881
Finance cost	22 783 541	14 299 910	37 083 451
Operational costs	203 930 540	1 973 662	205 904 202
Government grants and subsidies	- 1 513 156 399	1 284 000 -	1 511 872 399
Repairs and maintenance	23 576 001	304 958	23 880 959
Employee related cost	710 476 752	(11 028)	710 465 724
		23 940 313	
Statement of Financial Position			
Inventories	36 037 309	267 500	36 304 809
Trade and other payables from exchange transactions	- 441 820 919	(78 714 146) -	520 535 065
Intangible assets	43	941 025	941 068
Property, plant and equipment	4 424 162 942	272 406 325	4 696 569 267
Cash and cash equivalents	85 148 666	(567 838)	84 580 828
Non - current investments	5 263 704	(263 704)	5 000 000
Other receivables from non exchange transactions	1 912 941	(1 668 823)	244 118
Current portion of employee benefit obligation		(5 751 000) -	5 751 000
Provisions	(154 426 882)	5 751 000	(148 675 882)
Receivables from exchange transactions	212 249 313	(7 760 136)	204 489 177
Other receivables from exchange transactions	517 871	831 342	1 349 213
VAT payable	(110 786 566)	5 281 730	(105 504 836)
Accumulated Surplus			
	4 105 060 666	214 693 788	4 319 754 454

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
The effect of the adjustments were as follows:		
Statement of financial position		
Increase in the Payables from exchange transactions		(78 714 146)
Decrease in Receivables from exchange transactions		(7 760 136)
Decrease in Receivables from non-exchange transactions		(1 668 823)
Increase in Other receivables from exchange transactions		831 542
Decrease in VAT payable		5 281 730
Increase in Property, Plant and Equipment		272 406 325
Increase in Intangible assets		941 025
Decrease in Non current investment		(263 704)
Increase in Current portion of employee benefit obligation		(5 751 000)
Decrease in Provisions		5 751 000
Increase in Inventory		267 500
Decrease in Cash and cash equivalents		(567 838)
Total	-	190 753 475
Statement of financial performance		
Decrease in Service charges		6 088 811
Decrease in Government grants and subsidies		1 284 000
Decrease in Employee related costs		(11 028)
Increase in Finance costs		14 299 910
Decrease in Repairs and maintenance		304 958
Increase in Operational costs		1 973 662
Total	-	23 940 313
Net (increase)/decrease in the accumulated surplus	-	214 693 788
Cash flow	-	-
Net increase in operating activities	-	-
Net decrease in investing activities	-	-

46. Risk management

Financial risk management

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

The Accounting Officer has the overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality'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. Risk management policies and reflect changes in the market conditions and the municipality's activities. Policies are approved by the Council. The Council has established a Risk Management Committee, which is responsible for developing and monitoring the municipality's risk management.

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared.

On average 28% (2021: 24%) of receivable (own billed) income is realised within 30 days after the due date and payables are settled within 30 days of receipt of the invoice. National and Provincial grant funding is received in terms of the Division of Revenue Act (Dora).

There has been significant change during the financial year, or since the end of the financial year, to the municipality's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The impact of discounting is not significant.

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
30 June 2022					
Trade and other payables	466 467 932	-	73 993 499	-	540 461 431
Other	-	-	10 224 838	-	10 224 838
Gross finance leases	-	-	-	-	-
	466 467 932	-	84 218 337	-	550 686 268
	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
At 30 June 2021					
Trade and other payables	437 225 530	-	77 110 877	-	514 336 406
Other	-	-	8 626 524	-	8 626 524
Gross finance leases	13 653	40 958	109 230	-	163 840
	437 239 182	40 958	85 846 630	-	523 126 760

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
Credit risk		
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.		
Financial assets that potentially subject the municipality to credit risk, consist primarily of cash deposits, cash equivalents, short term deposits, loans and receivables, investments and trade and other receivables.		
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.		
Investments and borrowing		
To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies approved by Council. The municipality determines concentrations of credit risk by reference to major counterparties. Counter-parties comprise larger South African banks with high quality credit ratings. Consequently the municipality does not consider there to be any significant exposure to credit risk.		
Cash and cash equivalents		
The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating and within specific guidelines set in accordance with Council's approved investment policy.		
Consequently the municipality does not consider there to be any significant exposure to credit risk.		
Receivables		
Receivables are amounts owing by consumers and presented net of impairment losses. The municipality has a credit control and debt collection policy in place, and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. 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 strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households. In certain instances, a deposit is required for new service connections, serving as a guarantee. 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 geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.		
The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime on any unpaid accounts after the due dates. The municipality has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in Note 13 .		
Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make provision for such relief.		
Maximum exposure to credit risk		
The carrying amount of financial asset, represent the municipality's exposure to credit risk in relation to these assets.		
The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.		
There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.		
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument	219 516 665	84 580 828
Cash and cash equivalents	228 773 200	205 838 589
Receivables from exchange transactions	32 853 987	244 118
Receivables from non - exchange transactions	1 603 760	1 603 760
Other non- current financial assets	-	5 000 000
Non-current investments	7 137 129	-
Current investments		
Guarantees	144 919 642	99 551 283
Guarantees in lieu of projects		
Market risk		
Interest rate risk		
The municipality's activities expose it primarily to the risks of fluctuations in interest rate.		
Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.		
At year end financial assets exposed to interest rate risk were as follows:		
Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.		
Investments at fixed interest rates.		
Trade receivables in arrears are linked to the South African prime rate.		
Loans granted are linked to a fixed rate of interest.		
Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer to Note 19 .		
At year end, financial liabilities exposed to interest rate risk were as follows:		
Finance leases linked to the South African prime rate.		
Management manages interest rate risk by negotiating beneficial rates.		
Interest rate sensitivity analysis		
Financial Assets		
At 30 June 2022, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R337 795 (2021: R398 016) with the opposite effect if the interest rate had been 50 basis points lower.		
Financial liabilities		
At 30 June 2022, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R0 (2021: R149) with the opposite effect if the interest rate had been 50 basis points lower.		
Foreign exchange risk		
The municipality was not a direct party to any outstanding forward exchange contract at the reporting date. The movement in the currency was not material to the municipality's procurement and, consequently, is not elaborated on any further.		
47. Unauthorised expenditure		
Opening balance	136 409 388	85 139 985
Current year unauthorised expenditure	-	51 269 403
Unauthorised expenditure written off	(66 971 804)	-
	69 437 584	136 409 388
Incident		
The budget has not been exceeded at vote level or overall during the 2021/2022 financial year.		
An amount of unauthorised expenditure of R51 269 403,42 was identified at vote level for 2020/2021 after all the prior period adjustments had been recognised.		
The following votes were overspent:		
Vote 52 - Consultancy Business and Financial Management (SAP Supp	2 954 651	
Vote 55 - Impairment of debtors (Bad debts)	48 314 753	
An amount of R13 165 331 unauthorised expenditure has been incurred during the 2019/20 year at vote level on legal services, depreciation, rental and salaries.		
During the 2017/18 financial year the budget was exceed at vote level by R5 002 851 on staff leave and financial system development.		
The budget of the 2016/17 financial year was exceeded by an overall amount of R59 935 836. This was on the depreciation, bulk purchases and finance costs.		
SAP did not go live on 1 July as planned, resulting in 3 months expenditure being on Venus and next 9 months being on SAP. Problems were experienced in the migration of the Venus data into the SAP system. Without the Venus expenditure on SAP, the budget controls on SAP were of no use as the expenditure was overstated.		
This has lead to poor controls on budget vs actual and has resulted in unauthorized expenditure.		
During the 2015/16 financial year, the operational budget was exceeded at vote level by R7 035 967.		
The comparative figure has been restated refer Note 45 .		

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
48. Fruitless and wasteful expenditure		
Opening balance	50 417 277	32 764 686
Fruitless and wasteful expenditure current year	17 937 325	20 919 226
Written off during the year	(6 960 460)	(3 266 636)
	61 394 142	50 417 277
Incident		
During the current year, fruitless and wasteful expenditure of R17 937 325 was incurred. The amount is comprised of interest and penalties for late payment as follows: Interest on the late payment of electricity R3 475 404, other utilities R173 876, rental R5 338, sampling R945, postal services R120, telephone R157 342, audit fees R77 837 and legal fees R1 912. Penalties of R81 049 were incurred for the late payment of the retirement funds as a result of insufficient cash to make payment. Penalties of R265 were incurred for the late payment of TV licences. An amount of R3 433,47 penalty and R1 031,46 was incurred on the late payment of the PAYE, SDL and UIF top up after the reconciliation of the annual declarations. Interest of R13 958 766 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has not been paid. These incidents were investigated by MPAC and Council resolved to write off the items on 31 August 2021.		
During the current year, interest on the debt owed to the water board of R43 456 815 was recognised. This interest has not been paid. Of this amount, R13 958 766 relates to the prior year. The comparative figure has been restated, refer Note 45 .		
During the 2020/21 financial year, ADM incurred fruitless and wasteful expenditure of R6 960 460, which has been submitted to Council structures for investigation. The amount is comprised as follows: Interest on the late payment of electricity of R1 010 772,23, telephone of R98 985, fire services of R33 625 and rental R5 937 due to insufficient funds. Traffic fines for R9 400 were incurred on municipal vehicles. Penalties of R368 054 were incurred for the late payment of the retirement funds as a result of insufficient cash to make payment. Interest of R2 522 377 was paid to a contractor as per court instruction after settlement of a dispute. Penalties of R2 911 309 was paid to SARS for the late payment of PAYE, SDL and UIF as insufficient cash was available to make payment when due. These incidents were investigated by MPAC and Council resolved to write off the items on 31 August 2021.		
During the 2019/20 financial year the ADM incurred fruitless and wasteful expenditure of R1 949 987 which has been investigated by Council and written off on 28 August 2020. This amount is comprised of the interest being incurred on late payment due to insufficient cash: Electricity R710 796, Traffic Fines R6 600, Fleet R135, Rental R2 896, Pension R20 091, Telephone R101 888, Sampling R122 and SARS: PAYE, UIF R1 107 459. The incidents were investigated by MPAC and subsequently written off by Council during March 2021.		
During the 2018/19 financial year, the municipality incurred interest on overdue accounts. This was as a result of the cash flow constraints being experienced, hence accounts were paid late. The interest on late payment of R727 715 is constituted of the following: Licences R17 491, Telephone R58 844, Pension fund R521, Fleet R523 719, Electricity R103 982, Rates and utilities R12 732 and postage R10 458. These matters were investigated and an amount of R355 645 was written off by Council on 28 August 2020. The remaining amount was subsequently written off on 16 March 2021.		
During the 2017/18 financial year R51 034 was paid for interest on late payment of fleet. The late payment is as a result of the cash constraints being experienced by the municipality. The matter has been investigated and written off by Council on 28 August 2020.		
An amount of R10 832 was incurred from the late payment of electricity. Interest and penalties of R837 352 was incurred from the outcome of a VAT audit on the 2014 to 2017 financial year. During 2017/18 an amount of R918 612 was incurred for the late filing of August 2018 PAYE. This amount was investigated and subsequently written off by Council on 31 March 2021.		
An amount of R25 934 was incurred as interest of the late payment of audit fees. The late payment was as a result of the cash flow constraints. The matter was investigated and subsequently written off by Council on 31 March 2021.		
LA Retirement Fund: Penalty Payment of R290 for third party payment for the month of December 2017. The payment was delayed as a result of budget errors that were only resolved in January 2018. ADM only re-opened its offices on 8 January 2018 which is after the payment due date of the 3rd. LA Retirement Fund: Penalty Payment of R353 for third party payment for the month of November 2017. The payment was delayed as a result of budget errors that were only resolved in January 2018. ADM only re-opened its offices on 8 January 2018 which is after the payment due date of the 3rd. Municipal Workers Retirement Fund: Penalty Payment of R4 547 for third party payment for the month of November 2017. The payment was delayed as a result of budget errors that were only resolved in January 2018. ADM only re-opened its offices on 8 January 2018 which is after the payment due date of the 3rd. The matters have been investigated and an amount of R904 408 was written off by Council on 28 August 2020. The remaining amount was subsequently written off by Council on 16 March 2021.		
During 2016/17 financial year an amount of R142 was incurred as interest on late payment of an invoice for catering. During 2016/17 financial year an amount of R7 234 was incurred as interest on late payment of an invoice for Telkom. During 2016/17 financial year an amount of R2 103 188 was incurred as interest of R402 441 and penalty VAT of R1 700 747. During 2016/17 financial year an amount of R62 325 was incurred as interest for penalty charges. During 2016/17 financial year an amount of R15 898 was incurred for Traffic Fines. During 2016/17 financial year an amount of R43 487 was paid to Telkom for cables that were pulled up from the ground by an ADM TLB. All of the matters for the 2016/17 financial year have been investigated and written off by Council on 28 August 2020. During the 2014/15 financial year, The matters were investigated and an amount of R223 720 was written off by Council. Subsequently the remaining amount has been written off by Council on 31 March 2021. there was incorrect payment made to the service provider for an amount of R27 500. The matters have been investigated and an amount of R27 500 written off by Council on 28 August 2020.		
49. Irregular expenditure		
Opening balance	39 232 550	108 918 736
Add: Irregular Expenditure during the current year	27 006 474	34 133 353
Add: Irregular Expenditure incurred in prior year but identified in current year	19 742 352	
Less: Amounts written off by Council	(38 335 538)	(103 819 538)
	47 645 838	39 232 550
The irregular expenditure figures are disclosed exclusive of VAT for both the current year and comparative year.		
Incidents		
During 2021/22 a further payment of R1 038 569,74 was made which was deemed as irregular as the reason for appointing the second highest point scorer was not justifiable. During 2021/22 a further payment of R12 698 624,03 was made which was deemed as irregular as SCM was not in attendance at the meeting. During 2021/22 a further payment of R1 198 500,12 was paid to a service provider. The reason for deviation is not justifiable, M0B 4 declaration of points were awarded. Interest not obtained and the award was approved by an official that is not a senior manager as defined in the MFMA. During 2022/2022 a further payment of R466 300,54 was made which was deemed as irregular as the reason for deviation was not justifiable. During 2021/22 a further payment of R4 241 332,64 was made which was deemed as irregular as the expenditure exceeded the contract value. During 2021/22 a further payment of R2 911 507,48 was made which was deemed as irregular as the there was not CIDB Grading attached to the award. During 2022/22 an amount of R36 110 was paid to a supplier. This was deemed as irregular as it was established that the bidder should have been disqualified on the basis of not submitting bids that they are certified to work on the fire prevention / suppression system. During 2021/22 an amount of R50 000 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state. During 2021/22 an amount of R116 632,76 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state. During 2021/22 an amount of R417 500 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state. During 2022/22 an amount of R831 336,54 was paid to a service provider. Due to the lack of legislative framework that necessitates the provision of personal security for councilors, this expenditure has been deemed as irregular. During 2019/20 an amount of R18 610 626,29 was paid to a contractor. The contract was awarded to the second highest point scorer, of which the reasons were not deemed to be reasonable. These matters amounting to R27 006 474 is under investigation and still needs to be considered by Council.		
During 2020/21 a further payment of R3 335 575,63 was made which was deemed as irregular as SCM was not in attendance at the BAC Meeting. During 2020/21 a further payment of R22 157,91 was made which was deemed as irregular as the reason for deviation was not justifiable. During 2020/21 a further payment of R44 544 was made which was deemed as irregular as the incorrect allocation of BBEE points were awarded. During 2020/21 a further payment of R702 320,63 was made which was deemed as irregular as the reason for deviation was not justifiable. During 2020/21 a further payment of R4 200 904,78 was made which was deemed as irregular as the reason for deviation was not justifiable. During 2020/21 a further payment of R2 219 277,74 was made which was deemed as irregular as the reason for deviation was not justifiable. During 2020/21 a further payment of R3 782 225,02 was made which was deemed as irregular as the reason for deviation was not justifiable. During 2020/21 a further payment of R1 443 218,21 was made which was deemed as irregular as payment in respect of the contract was exceeded. During 2020/21 a further payment of R500 965,61 was made which was deemed as irregular as the there was not CIDB Grading attached to the award. During 2020/21 an amount of R12 800 was paid to a supplier. The threshold limit for vehicle purchases was exceeded. During 2020/21 an amount of R2 606 982,77 was paid to contractor. The contractor was appointed in error. The highest point scorer was disqualified in error. During 2020/21 an amount of R236 090,46 was paid to a service provider. The bidder should have been disqualified. During 2020/21 an amount of R37 500 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state. During 2020/21 an amount of R830 000 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state. During 2020/21 an amount of R580 000 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state. During 2020/21 an amount of R5 240 was paid to a supplier. When invoiced, payment was made whereas the log submitted as supporting documentation of kilometres travelled did not include the services rendered. During 2020/21 an amount of R13 083 550 was paid to a service provider. The M0B 4 declaration form was not dated. These matters were investigated and subsequently Council has written off R16 039 894,06 of R34 133 352,76 on 31 August 2021 and R18 093 458,70 still needs to be written off by Council.		
During 2019/20 an amount of R3 765,97 was paid to a service provider. The reason for deviation is not justifiable, M0B 4 declaration of interest not obtained and the award was approved by an official that is not a senior manager as defined in the MFMA. During 2019/20 an amount of R5 208 was paid to a service provider. The service provider was awarded incorrect BBEE points. During 2019/20 an amount of R139 057,60 was deemed as irregular as the reason for deviation for refurbishment works was considered not justifiable. During 2019/20 a further payment of R2 178 996,52 was made which was deemed as irregular as the reason for deviation for refurbishment works was considered not justifiable. During 2019/20 a further payment of R218 780,65 was made which was deemed as irregular as the reason for deviation for engineering consulting services was considered not justifiable in the prior year. During 2019/20 a further payment of R617 733,63 was made which was deemed as irregular as no CIDB Grading proof was attached to the award. During 2019/20 an amount of R431 704,83 was paid to contractor. The contractor was appointed in error. The highest point scorer was disqualified in error. During 2019/20 an amount of R375 000 was paid. The award was made to a spouse / business partner of a person in the service of the state (ADM). During 2019/20 an amount of R307 500 was paid. The award was made to a spouse / business partner of a person in the service of the state (ADM). During 2019/20 an amount of R125 000 was paid. The award was made to a spouse / business partner of a person in the service of the state (ADM). During 2019/20 an amount of R506 225,40 was paid to a service provider. Incorrect BBEE points were allocated resulting to the wrong bidder being appointed. During 2019/20 an amount of R15 000 was paid to a services provider. M0B 4 was not submitted. During 2019/20 an amount of R433 201 was paid to service providers in excess of the guiding prices by National Treasury for PPE covid items. These matters were investigated and subsequently Council has written off R22 295 644,06 of R23 968 049,49 on 31 August 2021, R1 672 405,43 still needs to be written off by Council.		
50. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Opening balance	6 313 488	3 505 803
Current year fee	8 129 641	6 041 345
Amount paid - current year	(9 844 590)	(3 233 660)
Amount unpaid 30 June 2022	4 598 539	6 313 488
PAYE, UIF and SDL		
Opening balance	9 697 593	21 434 380
Current year subcription / fee	114 538 733	118 241 651
Amount paid - current year	(115 325 657)	(129 978 438)
	8 910 769	9 697 593
The balance represents PAYE, UIF and SDL from the June 2022 payroll. The amount due was paid during July 2022 and has been included in current liabilities.		

Annual Financial Statements for the year ended 30 June 2022

The amount due was paid during July 2022.

The following Councillors had arrear accounts outstanding for more than 90 days:

Outstanding more than 90 days	Total
R	R
979	979
189	189
770	770
8 641	8 641
3 832	3 832
1 198	1 198
<u>15 609</u>	<u>15 609</u>

Outstanding more than 90 days	Total
R	R
6 969	6 969
15 151	15 151
5 752	5 752
27 872	27 872

Highest outstanding amount	Aging (in days)
979	90
189	90
770	90
8 641	90
3 832	90
1 198	90
15 609	

Highest outstanding amount	Aging (in days)
15 151	90
6 969	90
5 752	90
<u>27 872</u>	

267 807	25 348 604
20 056 924	125 917 343
-	-
-	-
84 479 682	1 995 199
1 097 316	9 880 468
105 901 730	163 141 614

775 713	6 500
106 677 444	163 148 114

149 896	58 800
415 654	303 775
74 257	69 578
417 500	573 931
-	947 500
-	912 500
351 510	262 487
1 408 817	3 128 571

R
982 663 181,77
639 195 925,31
343 467 256
35%

12. Needs Camp

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the annual Financial Statements

	2022 R	Restated 2021 R
13. Hagiback		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
14. Haga Haga		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
15. Willowvale		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
16. Elliotdale		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
17. Ndevana		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
18. Msoibomvu		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
19. Hertzog		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
20. Great Kei Planning Funds		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
21. Mquma Planning Funds		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
22. Ngqushwa Planning Funds		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
23. Nkonkobe Planning Funds		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
24. Mquma Survey		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
25. Survey Interest and Contribution		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
26. Ngqushwa Survey Funds		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
27. Nkonkobe Survey		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
28. Lewis Survey		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
29. Prudoe Engineering Design		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2022/23 financial year.		
30. Dongwe Engineering Design		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2022/23 financial year.		
31. Kubusie Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2022/23 financial year.		
32. Ndlovini Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2022/23 financial year.		
33. Ducats Establishment Grant		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
34. Macleanstown Establishment Grant		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
35. Prudoe Establishment Grant		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
36. Dongwe Establishment Grant		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
37. Teko Spring Establishment Grant		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
38. Needs Camp Establishment Grant		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
39. Teko Spring Top Structure		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
40. Prudoe Top Structure		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
41. Dongwe Top Structure		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
42. Needscamp Top Structure		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
43. Ducats Top Structure Subsidy		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
44. Kubusi Top Structure		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
45. Lilyvale Kayzers Beach Establishment Grant		
The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
46. Kayzers Beach Housing Project		
This is a Municipal Income as money claimed for the bridging finance of the project. Project was completed. Reconciliation to be done and transfer of funds to ADM.		
47. Lilyvale Eng Designs		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2022/23 financial year.		
48. Planning Grant DLA		
The Project has since been concluded by the Court. A close out report and transfer of the balance to the funder will be concluded in 2022/23.		
49. Restitutional Award (DLA)		
The Project has since been concluded by the Court. A close out report and transfer of the balance to the funder will be concluded in 2022/23.		
50. Beneficiary Administration (Breaking new ground)		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2022/23 financial year.		
51. Environmental Impact Assessment		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2022/23 financial year.		
52. Geo Hydrology		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2022/23 financial year.		
53. Bawa Falls Led		
Project was done and a request memo will be done to the funder to re-use the funds		
54. Elliotdale Brick Making		
Project was done and a request memo will be done to the funder to re-use the funds		
55. EC Information Initiative Support		
Project was done and a request memo will be done to the funder to re-use the funds		

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
56. ECDOT: Butterworth Interchange This is a Municipal balance of the project due to ADM as ADM provided bridging funding to the project. The reconciliation will be done		
57. Roof Top Rain Water Harvesting Funds utilised for water harvesting programs.		
58. Ngqusi Rain Water Harvesting Funds utilised for water harvesting programs.		
59. Water service support Funds utilised to support the water services within the district.		
60. Free Basic Services Strategy Development Funds to be utilised for Basic Services Strategy development.		
61. Silwindlala Women's Project Project was done and a request memo will be done to the funder to re-use the funds.		
62. Balfour Sawmills Project was done and a request memo will be done to the funder to re-use the funds.		
63. Highlands Resorts Project was done and a request memo will be done to the funder to re-use the funds.		
64. Peddie Brick Making Project was done and a request memo will be done to the funder to re-use the funds.		
65. Inkuthalo Hydroponics Project was done and a request memo will be done to the funder to re-use the funds.		
66. Capacity Building for LM's Project was done and a request memo will be done to the funder to re-use the funds.		
67. Led Capacity Building - Ngqushwa Project was done and a request memo will be done to the funder to re-use the funds.		
68. Upgrade Infrastructure Sanitation (Consolidated of Accounts) Funds utilised for upgrade of sanitation projects.		
69. Water Conservation and Demand Management Funds utilised for water conservation and demand programs.		
70. Chatha Development The Project has since been concluded by the Court. A close out report and transfer of the balance to the funder will be concluded in 2022/23.		
71. Fingoland and Regional Authority The project renaming and re-allocation was approved to be renamed in accordance with the new re-allocation process.		
72. Dwesa Cwebe Restitutional The Project has since been concluded by the Court. A close out report and transfer of the balance to the funder will be concluded in 2022/23.		
73. Co-operative specialist Project was done and a request memo will be done to the funder to re-use the funds.		
74. Tourism Survey Project was done and a request memo will be done to the funder to re-use the funds.		
75. Nxuba Dam Chalets Development Project was done and a request memo will be done to the funder to re-use the funds.		
76. SETA Implementation Funds have been utilised for interns and training programs for ADM staff and political principals. Spending is at 100% for the financial year.		
77. Ploughing Contactors-ward 10 The programme was done internally funded hence the Mbhashe community funds were not spent. Research will commence in and be concluded in the next financial year in order to close the programme.		
78. Ploughing Contactor- NGXAKAXA The programme was done internally funded hence the Mbhashe community funds were not spent. Research will commence in and be concluded in the next financial year in order to close the programme.		
79. Ploughing Contactor- Ward 15 The programme was done internally funded hence the Mbhashe community funds were not spent. Research will commence in and be concluded in the next financial year in order to close the programme.		
80. Vuna Awards Funds received as award to ADM and utilised for IDP related programs.		
81. Public Awareness Savings Project completed. Funds utilised for Public awareness campaigns with the District.		
82. Shixini Water Supply Funds utilised for Water project in Shixini.		
83. Communal Water Stations Funds utilised for communal water within the District.		
84. Technical Assistance to Develop District Development Profile Project was done and a request memo will be done to the funder to re-use the funds.		
85. Municipal Disaster Grant: Drill borehole Dutywa Fund used for drilling borehole in Dutywa		
86. Municipal Disaster Grant: Drill borehole Nqabane Fund used for drilling borehole in Nqabane and Dwesa		
87. Municipal Disaster Grant: Drill borehole Dwesa Region Fund used for drilling borehole in Nqabane and Dwesa		

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
52. Interest earned - outstanding receivables		
Receivables - service charges: Water	39 510 047	49 069 525
Receivables - service charges: Sanitation	14 497 046	18 490 698
	54 007 092	67 560 222
53. Gain/(Loss) on disposal of assets		
Infrastructure assets	-	(6 291 916)
Other assets	2 464 792	(539 857)
	2 464 792	(6 831 773)
The loss relates to other assets such as furniture and fittings, buildings and motor vehicles.		
54. Repairs and maintenance		
Water and sanitation	28 489 957	665 848
Buildings	5 304,00	92 501
Computer: software	-	-
Office furniture and equipment	1 753 615	601 724
Other	-	22 520 886
	30 248 876	23 880 959
The comparative figure for repairs and maintenance has been restated. Refer to Note 45 .		
55. Water distribution losses		
Water distribution losses	3 868 300	4 191 573
Percentage water losses	7%	16%
The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipe and other leakages.		
56. VAT Payable		
VAT	154 434 629	105 504 835
VAT is on the payment basis. All returns were submitted on time during the year.		
The VAT payable is comprised as follows:		
VAT control account	10 705 898	19 954 520
Deferred input VAT	104 824 184	81 774 947
Deferred output VAT	(269 964 711)	(207 234 302)
The comparative figure for VAT payable has been restated. Refer to Note 45 .		
57. Transfers and grant expenditure		
Conditional grant expenditure	10 810 631	16 521 255
Comprised of:		
Internships	810 632	1 521 255
Amathole Economic Development Agency contribution	9 999 999	15 000 000
This expenditure relates to non capital items.		
58. Donations received		
Equipment	53 680	-
During the current year equipment was donated to the municipality, this included a microwave, photographic equipment and tools.		
59. Financial sustainability		
The municipality is facing a number of financial risks that cast significant doubt on its ability to sustain its current level of operations in the near future. The key financial risks identified include:		
- inability to pay creditors within due dates - inability to collect revenue billed - net current liability position		
Management has planned to reduce expenditure and improve the financial sustainability of the municipality through the implementation of austerity measures to reduce the administrative costs, revenue enhancement strategies and rebuilding of reserves. Management has reviewed the adopted policies, long-term financial forecasts, asset management plans, contractually committed fixed costs such as rentals and the existing organogram with a view to reduce financial liability and costs. In addition to management's own interventions, the Eastern Cape Executive Council in its sitting on 20 January 2021 invoked Section 139(5)(a) of the Constitution of South Africa at the municipality being a Mandatory Provincial Intervention - Financial Recovery Plan.		
Correspondence to this effect, dated 26 February 2021, was received from the MEC. The municipality is in the recovery phase of the plan.		
60. Events after reporting date		
A new Executive Mayor, Speaker and Chief Whip were sworn in and certain Mayoral Committee members were reshuffled at the Council meeting held in August 2022.		
The outcomes of the industrial strike from June 2022 to October 2022, have resulted in a 6,5% notch increase back-dated to 1 July 2022. The increase equates to R10 867 747 for the period 1 July 2022 to 31 October 2022.		
Subsequent to the receipt of a Court Order on 2 August 2022 for R19 140 000 payable to a supplier, the council resolved that the matter be appealed. The application for leave to appeal has been filed. The matter will be heard in court on 15 May 2023. This amount is disclosed as part of the contingent liabilities, refer Note 42 .		
61. Budget differences		
Material differences between budget and actual amounts		
The excess of actual expenditure over the final budget of 10% are explained below:		
Statement of Financial Performance		
1. Service charges		
The year to date budget amount for service charges is R616 million while the year to date accrued billing is R524 million representing a 15% variance.		
An amount of R28 million has been included in the service charges for the indigent subsidy and incentive scheme.		
There are areas where the meter readers were unable to read meters due to ongoing disputes between the municipality and the community. In addition meters were not read during the four month period of labour unrest.		
These service charges have been billed using estimates.		
2. Rentals		
The year to date budget is R350 thousand and the actual received to date is R239 thousand being 32% variance.		
A lease on one of the properties had expired and was not renewed, hence the rental was less than anticipated.		
3. Interest earned - outstanding receivables		
The year to date planned amount was R99 million with the actual quarter amount amounting to R54 million. This represents 45% less than the budget amount.		
This relates to interest charged and not interest received. The amount of interest recognised was reduced by the approved write off of R1.2 billion.		
4. Other income		
Other revenue is made up of payments from sundry debtors for septic tank /conservancy tank clearances etc. The year to date budget is R10 million against the actual of R3 million, being a 70% variance.		
5. Interest on external investments		
The year to date planned amount was R19 million with actual interest accrued amounting to R14 million. This represents 26% less than the budget amount.		
This is as a result of a lower prime lending rate for businesses and consumers imposed by the damage caused by COVID-19 pandemic and Russian-Ukrainian war to the economy.		

Notes to the annual Financial Statements

	2022	Restated 2021
	R	R
6. Government grants		
The municipality has planned to receive R1,6 billion for the year, in the form of both equitable share and unconditional grants. R1,5 million has been recognised for the year. The variance between the planned year to date grants actual is 8% variance. This is mainly due to the MIG and WSIG grant allocations that were not fully spent at year end hence grant income could not be recognised as the conditions had not been met.		
Expenditure		
7. Employee related costs		
Employee costs incurred for the year amounts to R679 million, while the budget is at R741 million being a 8% variance. The municipality continues to pursue means to reduce the employee related costs.		
8. Remuneration of councillors		
Councillor remuneration for the year amounts to R14 million, while the budget is at R11 million being a 25% variance. The actual amount exceeds the budget as the line item was under budgeted for in the current year.		
9. Depreciation		
The budget is R190 million with expenditure of R95 million reported to date. This is a 49% variance.		
10. Finance costs		
The finance costs budget includes the portion of interest on the defined benefit obligation as well as the interest on the finance leases for rental of copiers. The budget amount is R94 thousand with R33 million actual expenditure reported. The majority of the finance costs are recognised at year end in terms of GRAP 25 Employee Benefits. The finance costs also include R13 million relating to interest accrued on the debt owed to the Water Board for bulk water purchases, this amount has not been budgeted for.		
11. Debt impairment		
The budget amount for the year is R415 million, with the actual being R473 million. The increase required for the impairment at year end was greater than anticipated.		
13. Repairs and maintenance		
The budget amount for the year is R31 million while the actual amount is R30 million. The repairs are adhoc in nature.		
14.Contractured services		
Contractured Services relates to expenditure incurred on the leasing of property plant and equipment, leases for buildings, photocopiers and security. The budget is R141 million with R67 million actual expenditure, with a 53% variance.		
15. Inventory consumed		
This amount relates to VIP toilets that have been expensed upon the beneficiary taking ownership and water purchased and consumed. The budget is R23 million against actual expenditure of R190 million. The budget is based on the VIP projects as the water inventory budget (R122 923 809) is all part of inventory in the balance sheet as per Schedule A. In addition budget relating to VIP toilets is part of the balance sheet as sanitation projects. Hence the significant variance. In addition budget relating to VIP toilets is part of the balance sheet as sanitation projects. Hence the significant variance.		
16.Transfers and grant expenditure		
The transfers and grant expenditure includes non capital expenditure such as feasibility studies, stipends and the allocation to ASPIRE, the municipal entity. An amount of R10 million was budgeted for ASPIRE. The ASPIRE allocation is transferred in three tranches.		
17. Operational Costs		
The budget is R189 million against actual expenditure of R221 million, being 17% more than the budget. The line item for support fees was over budget as the budget was reflected in the balance sheet as part of software costs. Water catering budget was also exceeded as the need was greater than the budget.		
18. Actuarial gains		
Actuarial gains and losses on the actuarial valuations for the employee benefits are not budgeted for due to the level of uncertainty. The municipality does not budget for gains and losses.		
19. Loss on sale of assets		
Gain/loss on the disposal of assets is not budgeted for due its ad hoc nature and level of uncertainty.		
Statement of Financial Position		
1. Inventory		
The actual figures are less than the budget figures mainly as a result of the VIP inventories, which was less than anticipated at year end.		
2. Receivables from exchange transactions		
Collections have been lower than anticipated during the financial year. A write off of R1.2 billion was approved during the current year.		
3. Receivables from non-exchange transactions		
The receivables for non-exchange transactions were less than anticipated.		
5. Cash and cash equivalents		
The cash and cash equivalents were less than anticipated.		
6. Investment Property		
Investment property consists mainly of vacant land.		
8. Intangible assets		
The intangible assets were less than anticipated.		
11.Payables from exchange transactions		
The increase is due to an increase in accruals recognised at year end.		
12.Taxes and transfers payable (non exchange)		
This amount relates to the UIF, PAYE and SDL for June 2022 that was paid during July 2022.		
13. VAT payable		
The municipality is on the payments basis, hence the VAT payable relates to output VAT not yet declared as payment has not been received from the consumers.		
14.Unspent conditional grants and receipts		
The actual amount is more than the budget as the MIG and WSIG grants were not fully spent at year end.		
16. Provisions		
The provisions were less than anticipated due to the employee benefit provision being less.		
18.Operating lease liability		
The actual figure is less than the budget figure for the operating lease liability as the leases are currently on a month to month basis.		
19.Employee benefit obligation		
The employee benefit obligation is based upon the report obtained from the actuaries.		
Cash flow statement		
3. Operating activities		
The net cash from operating activities variance is due to the service charges being less than the budget amount as well as the actual payments to employees being less than the budget.		
2. Investing activities		
The net cash flow from investing activities variance is affected by the movement of assets.		
3. Financing activities		
No significant variances.		
Changes from the approved budget to the final budget		
The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters as well as an adjustment to the budget.		

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2022
Appendix A - Schedule of External Loans

EXTERNAL LOANS	Loan number	Interest Rate	Redeemable Date	Received during the period	Redeemed / written off during the period	Balance at 30 June 2022
				R	R	R
CURRENT PORTION						
				-	-	-
				-	-	-
				-	-	-
Total long-term loans				-	-	-

The loan was settled during the 2016/17 financial year

APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2022

Description	Cost / Revaluation						Accumulated Depreciation						Accumulated Impairment						Accumulated Depreciation / Impairment						Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance				
Land and buildings																									
Land																									
General plant	5 325 000	-	-	-	-	5 325 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 325 000				
Operational buildings																									
Municipal Offices	15 827 408	-	-	-	-	15 827 408	5 409 854	-	-	-	5 409 854	3 822 701	-	-	-	3 822 701	5 232 425	-	-	-	-	9 232 425			
Community																									
Centres	3 740 178	-	-	-	-	3 740 178	824 205	-	-	-	824 205	1 327 476	-	-	-	1 327 476	2 181 771	-	-	-	-	2 181 771			
Preferential Schools																									
Total	24 892 476					24 892 476	5 954 196				5 954 196	5 150 177				5 150 177	11 644 425					11 644 425			
Infrastructure																									
Sanitation																									
Pump Stations	20 270 887	-	-	-	-	20 270 887	5 303 873	-	-	-	5 303 873	-	-	-	-	-	5 303 873	-	-	-	-	15 967 014			
Sanitation	175 966 127	-	-	-	-	175 966 127	46 388 826	-	-	-	46 388 826	-	-	-	-	-	46 388 826	-	-	-	-	129 577 301			
Waste Water Treatment	94 638 063	-	-	-	-	94 638 063	39 751 034	-	-	-	39 751 034	233 382	-	-	-	233 382	39 984 416	-	-	-	-	54 653 427			
Solid waste																									
Landfills	3 957 380	-	-	-	-	3 957 380	1 334 887	-	-	-	1 334 887	-	-	-	-	-	1 334 887	-	-	-	-	2 622 493			
Water supply																									
Reservoirs	129 678 056	-	-	-	-	129 678 056	53 336 854	-	-	-	53 336 854	-	-	-	-	-	53 336 854	-	-	-	-	76 341 202			
Dams and Weirs	58 854 887	-	-	-	-	58 854 887	3 088 887	-	-	-	3 088 887	-	-	-	-	-	3 088 887	-	-	-	-	55 766 000			
Distribution	4 261 726 361	-	-	-	-	4 261 726 361	679 585 823	-	-	-	679 585 823	1 202	-	-	-	1 202	679 587 025	-	-	-	-	3 582 138 538			
Water supply	47 724	-	-	-	-	47 724	8 868	-	-	-	8 868	-	-	-	-	-	8 868	-	-	-	-	40 856			
Pump Stations	166 862 862	-	-	-	-	166 862 862	54 903 105	-	-	-	54 903 105	-	-	-	-	-	54 903 105	-	-	-	-	111 959 757			
Reservoirs	284 624 889	-	-	-	-	284 624 889	87 225 480	-	-	-	87 225 480	-	-	-	-	-	87 225 480	-	-	-	-	207 409 409			
Water Treatment Works	241 680 072	-	-	-	-	241 680 072	80 046 445	-	-	-	80 046 445	1 000 464	-	-	-	1 000 464	80 146 909	-	-	-	-	161 633 163			
Total	5 347 458 476					5 347 458 476	1 089 086 085				1 089 086 085	3 250 368				3 250 368	1 002 586	1 045 011 873				4 306 666 468			
Intang assets																									
Furniture And Office Equipment	655 880	-	-	-	-	655 880	100 809	-	-	-	100 809	-	-	-	-	-	100 809	-	-	-	-	555 071			
Total	655 880					655 880	100 809				100 809						100 809					555 071			
Other assets																									
Computer Equipment																									
Computer Hardware	45 292 878 021	-	-	-	-	45 292 878 021	14 327 432 144	-	-	-	14 327 432 144	2 963 880 238	-	-	-	2 963 880 238	56 901 232 772	-	-	-	-	28 296 645 845			
Computer And Office Equipment																									
Peripherals	39 554 884	-	-	-	-	39 554 884	22 202 364	-	-	-	22 202 364	14 813 227	-	-	-	14 813 227	38 614 144	-	-	-	-	1 741 518			
Chairs And Couches	4 761 177 176	-	-	-	-	4 761 177 176	2 908 475 145	-	-	-	2 908 475 145	82 544 425	-	-	-	82 544 425	2 991 029 566	-	-	-	-	1 765 138			
Other Furniture And Fixings	4 089 933 039	-	-	-	-	4 089 933 039	2 747 361 712	-	-	-	2 747 361 712	107 147 946	-	-	-	107 147 946	2 944 026 658	-	-	-	-	1 255 446			
Printing And Bookkeeping	50 940 561	-	-	-	-	50 940 561	448 887 265	-	-	-	448 887 265	50 561 366	-	-	-	50 561 366	549 048 626	-	-	-	-	559 610			
Tables And Desks	1 582 183 445	-	-	-	-	1 582 183 445	870 115 642	-	-	-	870 115 642	34 945 145	-	-	-	34 945 145	909 960 779	-	-	-	-	677 233			
Audiovisual Equipment	5 438 713 236	-	-	-	-	5 438 713 236	2 789 950 057	-	-	-	2 789 950 057	601 116 658	-	-	-	601 116 658	2 940 565 117	-	-	-	-	1 847 827			
Other Office Equipment	2 805 868 899	-	-	-	-	2 805 868 899	1 356 056 254	-	-	-	1 356 056 254	70 189 249	-	-	-	70 189 249	1 438 255 315	-	-	-	-	779 613			
Electronics And Equipment	1 980 135 115	-	-	-	-	1 980 135 115	1 042 125 115	-	-	-	1 042 125 115	107 126 461	-	-	-	1 042 126 461	1 449 249 623	-	-	-	-	752 552			
Emergency And Medical Equipment																									
Other Plant And Equipment	2 432 885 174	-	-	-	-	2 432 885 174	1 056 585 356	-	-	-	1 056 585 356	882 398 879	-	-	-	882 398 879	1 588 982 174	-	-	-	-	922 782			
Generators And Compressors	26 854 894	-	-	-	-	26 854 894	25 375 368	-	-	-	25 375 368	516 273	-	-	-	516 273	25 380 641	-	-	-	-	6 476			
Refrigerators And Air Conditioning	605 712 444	-	-	-	-	605 712 444	436 061 388	-	-	-	436 061 388	56 770 138	-	-	-	56 770 138	482 794 586	-	-	-	-	122 938			
Lift Equipment	304 859 113	-	-	-	-	304 859 113	232 125 344	-	-	-	232 125 344	49 594 509	-	-	-	49 594 509	281 224 623	-	-	-	-	22 014			
Transport Assets																									
Emergency Vehicles	11 442 796 177	-	-	-	-	11 442 796 177	5 185 184 402	-	-	-	5 185 184 402	1 125 471 209	-	-	-	1 125 471 209	7 168 655 715	-	-	-	-	4 316 146			
Passenger Vehicles	128 000 000	-	-	-	-	128 000 000	284 467 368	-	-	-	284 467 368	-	-	-	-	-	284 467 368	-	-	-	-	261 532			
Recreational Vehicles	48 548 125 177	-	-	-	-	48 548 125 177	18 111 018 117	-	-	-	18 111 018 117	-	-	-	-	-	18 111 018 117	-	-	-	-	30 027 157			
Trucks And Accessories	1 777 764 140	-	-	-	-	1 777 764 140	1 594 913 124	-	-	-	1 594 913 124	-	-	-	-	-	1 594 913 124	-	-	-	-	447 846			
Trucks And Accessories	734 133 019	-	-	-	-	734 133 019	486 442 149	-	-	-	486 442 149	-	-	-	-	-	486 442 149	-	-	-	-	237 691			
Trucks, Buses And Cars	11 120 921 019	-	-	-	-	11 120 921 019	6 110 550 877	-	-	-	6 110 550 877	12 993 741	-	-	-	12 993 741	8 127 773 016	-	-	-	-	1 120 166			
Total	179 687 968					179 687 968	56 089 612				56 089 612	8 344 463				8 344 463	73 881 081	73 881 081				148 176 885			
Total	5 527 146 464					5 527 146 464	1 145 175 700				1 145 175 700	11 294 831				11 294 831	11 786 967 554	1 118 892 954				4 454 843 353			

ARTHOUS DISTRICT MUNICIPALITY
ANALYSIS OF INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2020

UNIVERSITY OF SOUTHERN MALAYSIA AS AT 31 DECEMBER 2022																						
Description	Cost / Requisition					Accumulated Depreciation					Accumulated Impairment					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
Heritage monuments	R	R			R	R	R	R		R	R	R	R		R	R						R
University Sportscum Building						400 000																400 000
Total	400 000					400 000																400 000

ARTHOUS DISTRICT MUNICIPALITY
ANALYSIS OF INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2020

Description	Cost / Requisition										Accumulated Depreciation										Accumulated Impairment										Accumulated Depreciation / Impairment										Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value														
Investment properties	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R														
Land and buildings	155 735 888	-	-	-	-	155 735 888	6 984 582	-	-	-	6 984 582	-	-	-	-	6 984 582	6 984 582	-	-	-	-	6 984 582	-	-	-	-	155 735 403														
Total	155 735 888	-	-	-	-	155 735 888	6 984 582	-	-	-	6 984 582	-	-	-	-	6 984 582	6 984 582	-	-	-	-	6 984 582	-	-	-	-	155 735 403														

ARTHOUS DISTRICT MUNICIPALITY
ANALYSIS OF INVESTMENT PORTFOLIO AS AT 30 JUNE 2020

Description		Cost / Requisition					Accumulated Depreciation					Accumulated Impairment					Accumulated Depreciation / Impairment					Carrying	
		Opening Balance	Additions	Under construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
		R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Intangible assets																							
Internally generated																							
Other																							
Assets under Development																							
Computer Software																							
Total																							
Total Asset Register																							

APPENDIX C
AMTHOLD DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2022

Description	Cost / Revaluation					Accumulated Depreciation					Accumulated Impairment					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance		Additions	Under Construction	Disposals	Opening Balance		Transfers	Disposals	Closing Balance	Opening Balance		Transfers	Disposals	Closing Balance	Opening Balance		Transfers	Disposals	Closing Balance		
	R	R				R	R			R	R	R			R	R	R			R		R
15400 Management of Water Service Providers	9 065 270					9 065 270	699 622			699 622	1 357 476				1 357 476	2 057 098					2 057 098	7 008 172
15100 Administration	9 150 039					9 150 039	1 608 375			1 608 375	1 777 360				1 777 360	3 385 934					3 385 934	2 764 085
15621 Operations & Maintenance Water: Micoswa	1 890 000					1 890 000	501 874			501 874	533 626				533 626	1 039 500					1 039 500	850 500
15150 Building & Services Planning	4 275 000					4 275 000	1 852 318			1 852 318	498 932				498 932	2 351 250					2 351 250	1 923 750
15350 Water Service Authority	1 080 000					1 080 000	289 367			289 367	304 633				304 633	594 000					594 000	486 000
15850 Toilet WTR w/ DNS	2 520 000					2 520 000	672 888			672 888	713 111				713 111	1 386 000					1 386 000	1 134 000
15200 Information Systems Unit	801 939					801 939	501 908			501 908	57 300				57 300	559 209					559 209	242 739
14120 Expenditure	8 935					8 935	62 511			62 511					62 511					62 511	(53 576)	
17300 DIRECTOR LAND HOUSING AND ECONOMIC DEVELOPMENT	46 793					46 793	14 209			14 209	5 900				5 900	20 110					20 110	25 674
18100 Municipal Manager	51 763					51 763	13 640			13 640	3 296				3 296	16 957					16 957	34 805
15100 Director Engineering Services	110 919 076					110 919 076	28 624 936			28 624 936	5 519				5 519	28 620 455					28 620 455	82 298 642
14800 Credit Control	26 660					26 660	17 755			17 755						17 755					17 755	8 906
15100 General																						
16250 Municipal Health Services ADM	97 134					97 134	20 054	17 - 45		20 054					20 054					20 054		
15700 Mayoral Committee	7 845					7 845	1 736			1 736	821				821	2 556					2 556	5 288
15400 Chief Financial Officer	84 170					84 170	50 257	46 - 89		50 257		23 890			23 890	74 147					74 147	
16400 Asset Management	49 516					49 516	23 969			23 969	1 711				1 711	27 680					27 680	21 827
15700 Budgeting	7 456					7 456	4 966	90 - 105		4 966		1 900			1 900	6 865					6 865	
15400 Billing	443 017					443 017	95 150			95 150	44 016				44 016	139 209					139 209	303 808
15300 Human Resources	46 967					46 967	30 651			30 651					30 651					30 651	12 316	
15850 Mkhabe Satellite Office	32 398					32 398	23 961			23 961	2 709				2 709	26 671					26 671	5 727
15400 Supply Chain Management	43 845					43 845	20 996			20 996						20 996					20 996	14 847
15300 Strategic Planning	47 870					47 870	14 845			14 845	4 961				4 961	19 806					19 806	28 064
15800 Legislative Support Services	100 690					100 690	35 001			35 001	54 662				54 662	90 263					90 263	10 427
15800 Executive Support Services	11 926					11 926	10 867			10 867	741				741	10 867					10 867	1 119
15300 Communications & Customer Care	183 626					183 626	53 700			53 700	3 797				3 797	57 497					57 497	126 129
15400 Accounting & Reporting	42 892					42 892	25 029			25 029	1 495				1 495	26 524					26 524	16 368
16300 Fire Services	17 459					17 459	18 000			18 000	1 814				1 814	19 814					19 814	17 584
17200 Economic Development	5 214					5 214	4 333			4 333						4 333					4 333	882
17100 Land Administration & Housing	36 694					36 694	11 798			11 798	1 445				1 445	15 943					15 943	20 751
15850 Neusa Satellite Office	157 137 839					157 137 839	89 528 409			89 528 409	6 172 684				6 172 684	95 700 092					95 700 092	64 436 147
15360 PMU	29 283					29 283	21 171			21 171						21 171					21 171	8 111
15810 Legal Services	7 343					7 343	3 986			3 986						3 986					3 986	3 357
15300 Director Legislative & Executive Support Services	11 285					11 285	9 555			9 555						9 555					9 555	1 729
15300 Council General	6 450					6 450	5 462			5 462						5 462					5 462	988
16250 Internal Audit	25 977					25 977	21 078			21 078	1 495				1 495	22 588					22 588	4 409
16200 Community Safety Services	7 786					7 786	3 830			3 830						3 830					3 830	3 936
16100 Community Services	24 268 842					24 268 842	1 045 199			1 045 199						1 045 199					1 045 199	23 163 643
15300 Municipal Support Unit	11 355					11 355	2 354			2 354						2 354					2 354	9 002
16600 Municipal Health Services in Neuba	1 232					1 232	248			248						248					248	984
15602 Operations & Maintenance Water: Elitdale	1 465 199					1 465 199	1 643 626			1 643 626						1 643 626					1 643 626	1 821 573
15601 Operations & Maintenance Water: Mithwells	1 892 415					1 892 415	843 685			843 685						843 685					843 685	1 048 750
15637 Operations & Maintenance Water: Ngadu	455 986					455 986	268 345			268 345						268 345					268 345	187 641
15700 Bonville Schemes	31 870 172					31 870 172	13 627 615			13 627 615	1 202				1 202	13 628 813					13 628 813	18 241 318
15600 Operations & Maintenance Water: Duthwa	21 820 477					21 820 477	5 708 656			5 708 656						5 708 656					5 708 656	16 111 821
15628 Operations & Maintenance Water: Puddle	6 421 239					6 421 239	3 140 127			3 140 127						3 140 127					3 140 127	3 281 112
15500 Bonville Schemes w/ DNS	5 641 504					5 641 504	2 492 296			2 492 296						2 492 296					2 492 296	1 149 297
15612 Operations & Maintenance Water: Huga Huga	2 633 712					2 633 712	1 339 987			1 339 987						1 339 987					1 339 987	1 293 751
15625 Operations & Maintenance Water: Bedford	2 179 159					2 179 159	1 362 350			1 362 350						1 362 350					1 362 350	816 809
15616 Operations & Maintenance Water: Kai Bridge / Komga	3 307 147					3 307 147	1 855 454			1 855 454						1 855 454					1 855 454	1 451 693
15632 Operations & Maintenance Water: Gqophume (incl Middle)	2 478 334 622					2 478 334 622	8 642 176			8 642 176						8 642 176					8 642 176	2 469 692 446
15620 Operations & Maintenance Water: Seymour	416 422					416 422	221 815			221 815						221 815					221 815	194 607
15627 Operations & Maintenance Water: Glenmore	947 961					947 961	526 609			526 609						526 609					526 609	421 302
15622 Operations & Maintenance Water: Alice	3 526 609					3 526 609	2 037 988			2 037 988						2 037 988					2 037 988	1 488 621
15607 Operations & Maintenance Water: Orlara	52 664 086					52 664 086	18 944 873			18 944 873						18 944 873					18 944 873	33 710 213
15626 Operations & Maintenance Water: Ngang	397 897					397 897	321 837			321 837						321 837					321 837	76 060
15611 Operations & Maintenance Water: Ngamathwe	2 746 458					2 746 458	1 900 962			1 900 962						1 900 962					1 900 962	846 476
15615 Operations & Maintenance Water: Orlara	7 269 669					7 269 669	3 005 905			3 005 905	6 373				6 373	3 012 278					3 012 278	4 266 791
15617 Operations & Maintenance Water: Kai Road & Amabelle	9 943 375					9 943 375	3 370 738			3 370 738						3 370 738					3 370 738	6 572 637
15623 Operations & Maintenance Water: Ngobela	2 346 536					2 346 536	962 835			962 835						962 835					962 835	1 377 701
15619 Operations & Maintenance Water: Cathcart	2 235 931					2 235 931	603 000			603 000						603 000					603 000	1 621 889
15633 Operations & Maintenance Water: Matjiesdane	6 005 683					6 005 683	2 024 233			2 024 233						2 024 233					2 024 233	3 081 361
15634 Operations & Maintenance Water: Upper Mphahlele	245 790					245 790	86 657			86 657						86 657					86 657	159 133
15618 Operations & Maintenance Water: Sutherland	7 090 232					7 090 232	1 999 024			1 999 024						1 999 024					1 999 024	5 096 211
15631 Operations & Maintenance Water: Kai Mouth	1 172 405					1 172 405	644 929			644 929						644 929					644 929	527 472

2022 Actual Income	2022 Actual Expenditure	2022 Surplus		2021 Actual Income	2021 Actual Expenditure	2021 Surplus
R	R	R		R	R	R
RATES AND GENERAL SERVICES						
220 964	75 378 071	(75 157 107)	Strategic Manager	-	53 605 605	(53 605 605)
2 636 248,68	137 797 488	(135 161 239)	Corporate Services	2 699 802,88	110 183 015	(107 483 212)
31 397 157,17	137 264 130	(105 866 973)	Budget and Treasury	-	4 007 331,58	(96 922 611)
554 455 492,63	249 987 342	304 468 150	Engineering Services	952 396 030,13	253 684 925	698 711 105
6 429 048	108 986 941	(102 557 893)	Community services	1 636 852	82 582 994	(80 946 142)
939 262 000	52 088 057	887 173 943	Water and Sanitation management	963 620 000	994 839 265	(31 219 265)
443 316 284	642 906 820	(199 590 537)	Water Services	67 300 999	374 325 677	(307 024 678)
142 495 202	290 751 266	(148 256 064)	Sanitation Services	19 579 633	150 390 727	(130 811 094)
-4 096 141	48 467 886	(52 564 027)	Land Human Settlement & Economic Development	2 072 583	38 413 552	(36 340 969)
-9 310 946	57 678 092	(66 989 038)	Municipal Management	1 140 362	33 208 107	(32 067 744)
		-				17 - 45
2 106 805 310	1 801 306 094	305 499 215	Surplus/(Deficit) for the year	2 006 438 931	2 184 149 145	(177 710 214)
						46 - 89

CONDITIONAL GRANTS AND RECEIPTS	Transferring Department	GL Account	Opening Balance	QUARTERLY RECEIPTS				Total Receipts	QUARTERLY EXPENDITURE				Total Expenditure	GRANTS & SUBSIDIES DELAYED/WITHHELD				Reason for delay/ withheld	Compliance with DORA	Reason for non compliance
				Sept 21	Dec 21	March 22	June 22		Sept 21	Dec 21	March 22	June 22		Sept 21	Dec 21	March 22	June 22			
				R	R	R	R		R	R	R	R		R	R	R	R			
LOCAL GOVERNMENT- FINANCIAL MANAGEMENT GRANT- (FMG) BUDGET REFORM	NT/COSTA	1210000110	0	(1 200 000)				(1 200 000)	59 390	123 863	295 115	721 293	1 200 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWF)	NT/DPW	1210000109	-	(865 000)	(1 737 000)	(1 158 000)		(3 860 000)	710 810	1 262 871	1 190 118	696 201	3 860 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	1210000106	(1 890 287)											N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT	DWS	1210000105	(6 486 116)	(4 050 000)	(22 785 000)	(48 185 000)		(75 000 000)	911 183	14 500 380	558 055	15 045 630	31 015 249	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT- DROUGHT	DWS	1210000107												N/A	N/A	N/A	N/A	N/A	Yes	N/A
REGIONAL RURAL INFRASTRUCTURE GRANT	DWS (RREG)	1210000095	(8)	(8 845 576)	(42 175 917)	(3 484 377)	(20 238 810)	(74 764 680)	4 415 292	16 129 622	33 584 292	51 082 230	105 211 796	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ROAD ASSET MANAGEMENT SYSTEM	NT/Dept and Transport	1210000099	(254 988)	(2 162 000)		(801 000)		(3 060 000)		256 830		1 967 180	1 924 010	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	1210000089	0	(1 114 761 000)	(20 361 000)	(109 338 000)		(454 461 000)	125 624 228	135 751 159	61 391 746	91 362 981	414 030 115	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER RELIEF GRANT	NT	1210000166/167	1 694 100 037			(13 207 000)		(13 207 000)				13 207 000	13 207 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT- DRILL BOREHOLE DUTYWA	DWS	1210000161	(460 000)											N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT- DRILL BOREHOLE NQSGABANE	DWS	1210000162	36 271											N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT- DRILL BOREHOLE DWESA REGION	DWS	1210000163	(142 865)											N/A	N/A	N/A	N/A	N/A	Yes	N/A
ACIP- WWW INFRASTRUCTURE REFURBISH RS 3M	ACIP	1210000084	(650 289)					17 - 45						N/A	N/A	N/A	N/A	N/A	Yes	N/A
LG SETA Grants	LG SETA	1210000108 & 1210000109	(5 286)		(1 206 430)	(189 436)	(263 663)	(1 659 535)		781 537	307 620	575 685	1 664 822	N/A	N/A	N/A	N/A	N/A	Yes	N/A
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	1210000084	(193 316)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLANNING GRANT DLA	DHIGETA	1210000114	(1 456 032)					90 - 105						N/A	N/A	N/A	N/A	N/A	N/A	N/A
MINQUAMA WARE ON LEAS	DWS	1210000084	296 203											N/A	N/A	N/A	N/A	N/A	N/A	N/A
SHRINE WATER SUPPLY	DWS	1210000084	(6 487)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
WATER SERVICE SUPPORT	WATER SERVICE SUPPORT	1210000084	(562 068)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
COMMUNAL WATER STATIONS (DST/ CSR)	DWS	1210000084	(309 583)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	1210000084	(130 000)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
VICTORIA HOST	DHIGETA	1210000114	(152 256)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
TERO SPRINGS(NDLOVINI)	DHIGETA	1210000114	(68 161)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEEDS CAMP	DHIGETA	1210000114	(13 724)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MOSEBACH	DHIGETA	1210000114	(130 864)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
HAGA HAGA	DHIGETA	1210000114	(41 923)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
WILLOWDALE	DHIGETA	1210000114	(171 954)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
ILLUSTDALE	DHIGETA	1210000114	(9 274)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NOEVANA	DHIGETA	1210000114	(14 766)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSOBOMVU	DHIGETA	1210000114	(17 130)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
CHIEFDO	DHIGETA	1210000114	(84 076)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
GREAT RIE PLANNING FUNDS	DHIGETA	1210000114	(4 020)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MINQUAMA PLANNING FUNDS	DHIGETA	1210000114	(110 000)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NGQUSHWA PLANNING FUNDS	DHIGETA	1210000114	(46 667)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
INKONKON PLANNING FUNDS	DHIGETA	1210000114	(33 063)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MINQUAMA SURVEY	DHIGETA	1210000114	(25 000)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
SURVEY INTERVIEW & CONTRIBUTION	DHIGETA	1210000114	(61 480)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NGQUSHWA SURVEY FUNDS	DHIGETA	1210000114	(177 110)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
INKONKONIA SURVEY	DHIGETA	1210000114	(116 200)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
LEWIS SURVEY	DHIGETA	1210000114	(141 123)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE ENGINEERING DESIGN	DHIGETA	1210000117	(1 348)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONOWE ENGINEERING DESIGN	DHIGETA	1210000117	(9 499)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
KULUSE ESTABLISHMENT GRANT	DHIGETA	1210000117	(698)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NDLOVINI ESTABLISHMENT GRANT	DHIGETA	1210000117	(9 986)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DUKATS ESTABLISHMENT GRANT	DHIGETA	1210000117	(70 542)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MACLEAN TOWN ESTABLISHMENT GRANT	DHIGETA	1210000117	(16 849)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE ESTABLISHMENT GRANT	DHIGETA	1210000117	(51 233)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONOWE ESTABLISHMENT GRANT	DHIGETA	1210000117	(76 675)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
TERO SPRING ESTAB GRANT	DHIGETA	1210000117	(35 082)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEEDS CAMP ESTABLISHMENT GRANT	DHIGETA	1210000117	(66 232)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
TERO SPRING TOP STRUCTURE	DHIGETA	1210000117	(106 438)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE TOP STRUCTURE	DHIGETA	1210000117	(447 933)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONOWE TOP STRUCTURE	DHIGETA	1210000117	(1 547 306)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEEDS CAMP TOP STRUCTURE	DHIGETA	1210000117	(3 836)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DUKATS TOP STRUCTURE SUBSIDY	DHIGETA	1210000117	(23 234)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
KULUSE TOP STRUCTURE	DHIGETA	1210000117	(9 450)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
LELIVALE KAYERS BEACH ESTABLISHMENT GRANT	DHIGETA	1210000117	(2 643)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
KAYERS BEACH HOUSING PROJECT	DHIGETA	1210000117	(18 881)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
LELIVALE ENG DESIGNS	DHIGETA	1210000117	(5 940)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
RESTITUTION AWARD (DLA)	DHIGETA	1210000114	(1 697 962)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUNDS)	DHIGETA	1210000114	(3 215)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
ENVIRONMENTAL IMPACT ASSESSMENT	DHIGETA	1210000114	(739 235)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
LEO HYDROLOGY	DHIGETA	1210000114	(1 394 200)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
BAWIA FALLS LED	DEDEA	1210000119	(102 936)											N/A	N/A	N/A	N/A	N/A	N/A	N/A

[illegible][illegible]

Amathole District Municipality

Annul Financial Statements for the year ended 30 June 2022

Annexure 1

	Funder/ Transferring Department	Balance at 01/07/2021	Contributions received during the year	Other Income	Roll overs returned	Expenditure during the year	Balance at 30/06/2022
CONDITIONAL GRANTS AND RECEIPTS		R	R	R	R	R	R
NATIONAL GOVERNMENT GRANTS							
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	NT/COGTA	-	(1 200 000)	-	-	1 200 000	-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT/DPW	-	(3 860 000)	-	-	3 860 000	-
WATER SERVICES INFRASTRUCTURE GRANT	DWS	(6 486 918)	(75 000 000)	-	-	31 015 249	(50 471 669)
WATER SERVICES INFRASTRUCTURE GRANT : DROUGHT	DWS	-	-	-	-	-	-
REGIONAL BULK INFRASTRUCTURE GRANT	DWS (BBIG)	(0)	(74 764 680)	(30 447 057)	-	105 211 736	0
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	(254 988)	-	-	254 988	1 924 010	(1 078 990)
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	-	(454 461 000)	-	-	414 030 115	(40 430 885)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	DWS	(460 000)	-	-	-	-	(460 000)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	DWS	36 271	-	-	-	-	36 271
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	DWS	(142 865)	-	-	-	-	(142 865)
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	(1 890 287)	-	-	-	-	(1 890 287)
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	DWS	(650 289)	-	-	-	-	(650 289)
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	(193 316)	-	-	-	-	(193 316)
MSIG: DATA CLEANSING PROJECT NCONKBE PH2	NT	-	-	-	-	-	-
MINQUMA WAR ON LEAKS	DWS	296 703	-	-	-	-	17 - 45
SHIXINI WATER SUPPLY	DWS	(6 487)	-	-	-	-	(6 487)
WATER SERVICE SUPPORT	DWS	(562 068)	-	-	-	-	46 - 89
COMMUNAL WATER STATIONS (DST/ CSIR)	DWS	(309 585)	-	-	-	-	(309 585)
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	(330 000)	-	-	-	-	90 - 105
TOTAL NATIONAL GOVERNMENT GRANTS		(10 953 827)	(612 288 680)	(30 447 057)	254 988	557 241 110	(95 598 100)
PROVINCIAL GOVERNMENT GRANTS							
PLANNING GRANT DLA	DHLG&TA	(1 456 032)	-	-	-	-	(1 456 032)
VICTORIA POST	DHLG&TA	(152 250)	-	-	-	-	(152 250)
TEKO SPRINGS/NDLOVINI	DHLG&TA	(68 161)	-	-	-	-	(68 161)
NEEDS CAMP	DHLG&TA	(33 714)	-	-	-	-	(33 714)
HOGSBACK	DHLG&TA	(130 884)	-	-	-	-	(130 884)
HAGA HAGA	DHLG&TA	(41 923)	-	-	-	-	(41 923)
WILLOWVALE	DHLG&TA	(171 954)	-	-	-	-	(171 954)
ELLIOTDALE	DHLG&TA	(9 274)	-	-	-	-	(9 274)
NDEVANA	DHLG&TA	(34 766)	-	-	-	-	(34 766)
MSOBOMVU	DHLG&TA	(57 530)	-	-	-	-	(57 530)
HEITZOG	DHLG&TA	(84 070)	-	-	-	-	(84 070)
GREAT KEI PLANNING FUNDS	DHLG&TA	(4 029)	-	-	-	-	(4 029)
MINQUMA PLANNING FUNDS	DHLG&TA	(110 000)	-	-	-	-	(110 000)
NGQUSHWA PLANNING FUNDS	DHLG&TA	(46 667)	-	-	-	-	(46 667)
NKONKBE PLANNING FUNDS	DHLG&TA	(53 063)	-	-	-	-	(53 063)
MINQUMA SURVEY	DHLG&TA	(25 000)	-	-	-	-	(25 000)
SURVEY INTEREST & CONTRIBUTION	DHLG&TA	(61 680)	-	-	-	-	(61 680)
NGQUSHWA SURVEY FUNDS	DHLG&TA	(177 510)	-	-	-	-	(177 510)
NKONKBE SURVEY	DHLG&TA	(116 200)	-	-	-	-	(116 200)
LEWIS SURVEY	DHLG&TA	(141 125)	-	-	-	-	(141 125)
PRUDOE ENGINEERING DESIGN	DHLG&TA (PHP)	(1 348)	-	-	-	-	(1 348)
DONGWE ENGINEERING DESIGN	DHLG&TA (PHP)	(9 499)	-	-	-	-	(9 499)
KUBUSIE ESTABLISHMENT GRANT	DHLG&TA (PHP)	(698)	-	-	-	-	(698)
NDLOVINI ESTABLISHMENT GRANT	DHLG&TA (PHP)	(8 986)	-	-	-	-	(8 986)
DUCATS ESTABLISHMENT GRANT	DHLG&TA (PHP)	(70 542)	-	-	-	-	(70 542)
MACLEANTOWN ESTABLISHMENT GRANT	DHLG&TA (PHP)	(16 849)	-	-	-	-	(16 849)
PRUDOE ESTABLISHMENT GRANT	DHLG&TA (PHP)	(51 233)	-	-	-	-	(51 233)
DONGWE ESTABLISHMENT GRANT	DHLG&TA (PHP)	(76 675)	-	-	-	-	(76 675)
TEKO SPRING ESTAB GRANT	DHLG&TA (PHP)	(35 082)	-	-	-	-	(35 082)
NEEDS CAMP ESTABLISHMENT GRANT	DHLG&TA (PHP)	(66 222)	-	-	-	-	(66 222)
TEKO SPRING TOP STRUCTURE	DHLG&TA (PHP)	(106 438)	-	-	-	-	(106 438)
PRUDOE TOP STRUCTURE	DHLG&TA (PHP)	(447 353)	-	-	-	-	(447 353)
DONGWE TOP STRUCTURE	DHLG&TA (PHP)	(1 347 309)	-	-	-	-	(1 347 309)
NEEDSCAMP TOP STRUCTURE	DHLG&TA (PHP)	(3 838)	-	-	-	-	(3 838)
DUCATS TOP STRUCTURE SUBSIDY	DHLG&TA (PHP)	(23 234)	-	-	-	-	(23 234)
KUBUSI TOP STRUCTURE	DHLG&TA (PHP)	(3 816)	-	-	-	-	(3 816)
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	DHLG&TA (PHP)	(2 643)	-	-	-	-	(2 643)
KAYSERS BEACH HOUSING PROJECT	DHLG&TA (PHP)	(18 881)	-	-	-	-	(18 881)
LILLYVALE ENG DESIGNS	DHLG&TA (PHP)	(5 940)	-	-	-	-	(5 940)
RESTITUTION AWARD (DLA)	DHLG&TA	(3 697 062)	-	-	-	-	(3 697 062)
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	DEDEA	(3 215)	-	-	-	-	(3 215)
ENVIRONMENTAL IMPACT ASSESMENT	DEDEA	(739 235)	-	-	-	-	(739 235)
GEO HYDROLOGY	DEDEA	(1 394 200)	-	-	-	-	(1 394 200)
BAIWA FALLS LEO	DEDEA	(102 936)	-	-	-	-	(102 936)
ELLIOTDALE BRICK MAKING	DEDEA	(232 803)	-	-	-	-	(232 803)
EC INFORMATION INITIATIVE SUPPORT	DEDEA	(5 755)	-	-	-	-	(5 755)
ECDOT: BUTTERWORTH INTERCHANGE	ECDOT	(1 506 964)	-	-	-	-	(1 506 964)
ROOF TOP RAIN WATER HARVESTING	DWS	(3 900)	-	-	-	-	(3 900)
NGQUSI RAIN WATER HARVESTING	DWS	(5 700)	-	-	-	-	(5 700)
SILWINDLALA WOMEN'S PROJECT	DEDEA	(2 303)	-	-	-	-	(2 303)
BALFOUR SAWMILLS	DEDEA	(8 019)	-	-	-	-	(8 019)
HIGHLANDS RESORTS	DEDEA	(75 836)	-	-	-	-	(75 836)
PEDDIE BRICKS MAKING	DEDEA	(1 495)	-	-	-	-	(1 495)
INKUTHALO HYDROPONICS	DEDEA	(1 524)	-	-	-	-	(1 524)
CAPACITY BUILDING FOR LM's	DHLG&TA	(5 128)	-	-	-	-	(5 128)
LED CAPACITY BUILDING - NGQUSHWA	DEDEA	(350 000)	-	-	-	-	(350 000)
CHATHA DEVELOPMENT	DEDEA	(2 413 456)	-	-	-	-	(2 413 456)
PINGOLAND REGIONAL AUTHORITY	DPLG	(101 278)	-	-	-	-	(101 278)
DWESA - CWEBE RESTITUTIONAL	DHLG&TA	(5 308 303)	-	-	-	-	(5 308 303)
CO-OPERATIVES SPECIALIST	DEDEA	(22 280)	-	-	-	-	(22 280)
TOURISM SURVEY	DEDEA	(12 130)	-	-	-	-	(12 130)
NXUBA DAM CHALET'S DEVELOPMENT	DEDEA	(6 264)	-	-	-	-	(6 264)
VUNA AWARDS	Other	(9 289)	-	-	-	-	(9 289)
PUBLIC AWARENESS	Other	(365)	-	-	-	-	(365)
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	DEDEA	(18 338)	-	-	-	-	(18 338)
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	DWS	(3 378 284)	-	-	-	-	(3 378 284)
PROVINCIAL GOVERNMENT GRANTS		(24 678 483)	-	-	-	-	(24 678 483)
OTHER GRANT PROVIDERS							
LG SETA Grants	LG SETA	(5 286)	(1 659 535)	-	-	1 664 822	1
PLOUGHING CONTACTORS-WARD 10	COMMUNITY	(1 155)	-	-	-	-	(1 155)
PLOUGHING CONTRACTOR-NGAKAKA	COMMUNITY	(1 642)	-	-	-	-	(1 642)
PLOUGHING CONTRACTOR - Ward 15	COMMUNITY	(1 513)	-	-	-	-	(1 513)
TOTAL OTHER GRANT PROVIDERS		(9 596)	(1 659 535)	-	-	1 664 822	(4 309)
TOTAL GRANTS		(35 641 906)	(613 948 215)	(30 447 057)	254 988	558 905 932	(120 280 891)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand											
Municipality - 2022											
Financial Performance											
Service charges	624 586 260	(8 531 444)	616 054 816	-	-	616 054 816	524 320 833	-	(91 733 983)	85%	84%
Investment revenue	18 717 000	-	18 717 000	-	-	18 717 000	13 551 978	-	(5 165 022)	72%	72%
Donations received	-	-	-	-	-	-	53 680	-			
Transfers recognised - operational	1 005 229 428	44 162 926	1 049 392 354	-	-	1 049 392 354	1 168 987 051	-	119 594 697	111%	116%
Other own revenue	107 895 396	1 689 435	109 584 831	-	-	109 584 831	57 503 887	-	(52 080 944)	52%	53%
Total revenue (excluding capital transfers and contributions)	1 756 428 084	37 320 917	1 793 749 001	-	-	1 793 749 001	1 764 417 430	-	(29 385 252)	98%	100%
Employee costs	752 289 446	(11 203 696)	741 085 750	-	-	741 085 750	(679 156 667)	-	61 929 083	-92%	-90%
Remuneration of councillors	18 707 688	(7 112 931)	11 594 757	-	-	11 594 757	(14 716 460)	-	(3 121 703)	-127%	-79%
Debt impairment	435 959 544	(20 794 994)	415 164 550	-	101 030	415 265 580	(473 003 000)	-	(57 737 420)	-114%	-108%
Depreciation and asset impairment	190 856 232	(1 817 719)	189 038 513	-	(3 190)	189 035 323	(95 395 617)	-	93 639 705	-50%	-50%
Finance charges	94 488	-	94 488	-	(17)	94 471	(33 398 986)	-	(33 304 515)	-35354%	-35347%
Inventory consumed	163 476 243	(140 404 804)	23 071 439	-	234 661	23 306 100	(190 670 378)	-	17 - 45	-818%	-117%
Other expenditure	333 365 544	40 125 182	373 490 726	-	(9 332 619)	364 158 107	(335 382 188)	-	28 775 918	-92%	-101%
Total expenditure	1 894 749 185	(141 208 962)	1 753 540 223	-	(9 000 136)	1 744 540 087	(1 821 723 297)	-	46 - 89	-104%	-96%
Surplus/ (Deficit)	(138 321 101)	178 529 879	40 208 778	-	(9 000 136)	3 538 289 088	(57 305 867)	-	#VALUE!	-2%	41%
90 - 105											
Transfers recognised - capital											
Surplus / (Deficit) after capital transfers and contributions	631 302 564	(41 513 086)	589 789 478	-	-	589 789 478	342 387 880	-	(247 401 598)	58%	54%
Total	492 981 463	137 016 793	629 998 256	-	(9 000 136)	4 128 078 566	285 082 012	-	#VALUE!	7%	58%
Capital expenditure and funds sources											
Total capital expenditure	572 978 184	(195 715 050)	377 263 134	-	(229 142 638)	280 272 426	393 470 175	-	113 197 749	140%	69%
Source of capital funds		-									
Transfers recognised - capital	572 978 184	(195 715 050)	377 263 134	-	(229 142 638)	280 272 426	342 387 880	-	62 115 454	122%	60%
Internally generated funds				-	-			-	-	#DIV/0!	#DIV/0!
Total sources of capital funds	572 978 184	(195 715 050)	377 263 134	-	(229 142 638)	280 272 426	342 387 880	-	62 115 454	122%	60%

Amathole District Municipality

Annexure 2

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand											
Municipality											
Cash flows											
Net cash from operating (used)	(81 866 283)	163 239 136	81 372 853	-		81 372 853	399 511 550		318 138 697	491%	-488%
Net cash from investing (used)	-	-241 378 775	(241 378 775)	-		(241 378 775)	(264 416 557)		-23 037 782	110%	#DIV/0!
Net cash from financing (used)	-	-	-	-		-	(159 156)		(159 156)	#DIV/0!	#DIV/0!
Net increase /(decrease) in cash and cash equivalents	(81 866 283)	(78 139 639)	(160 005 922)	-		(160 005 922)	134 935 837		294 941 759	-84%	-165%
Cash and cash equivalents at the beginning of the year	205 458 871	-114 627 652	90 831 219	-		90 831 219	84 580 828		84 580 828	93%	93%
Cash and cash equivalents at the end of the year	123 592 588	(192 767 291)	(69 174 703)	-		(69 174 703)	219 516 665		379 522 587	-317%	178%

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2022
Annexure 3

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

Reconciliation of Table A2 Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)															
Description	2021/2022										2020/2021				
	Original Budget	Budget Adjustments (i.t.o. i28 and i31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. i31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
Governance and administration	348 491	3 359	351 850	–	–	351 850	48 867	–	302 983	RDV/DI	RDV/DI	–	–	–	1 226 898
Executive and council	17 832	1 689	19 522	–	–	19 522	2 716	–	16 805	14%	15%	–	–	–	1 208 383
Finance and administration	330 659	1 669	332 328	–	–	332 328	46 151	–	286 178	14%	14%	–	–	–	18 515
Internal audit	–	–	–	–	–	–	–	–	–	RDV/DI	RDV/DI	–	–	–	–
Community and public safety	115 898	18 500	134 398	–	–	134 398	6 282	–	128 116	0	0	–	–	–	–
Community and social services	–	–	–	–	–	–	–	–	–	RDV/DI	RDV/DI	–	–	–	–
Sport and recreation	–	–	–	–	–	–	–	–	–	RDV/DI	RDV/DI	–	–	–	–
Public safety	8 906	(0)	8 906	–	–	8 906	6 229	–	2 677	70%	70%	–	–	–	–
Housing	22 290	18 500	40 790	–	–	40 790	–	–	40 790	0%	0%	–	–	–	–
Health	84 702	0	84 702	–	–	84 702	53	–	84 650	0%	0%	–	–	–	–
Economic and environmental services	62 594	8 063	70 658	–	–	70 658	4 323	–	61 824	0	0	–	–	–	10 433
Planning and development	59 591	6 506	66 148	–	–	66 148	4 323	17 - 45	61 824	7%	7%	–	–	–	10 433
Road transport	3 003	1 557	4 560	–	–	4 560	–	–	4 560	0%	0%	–	–	–	–
Trading services	1 860 743	(34 110)	1 826 633	–	–	1 826 633	2 059 518	46 - 89	(232 884)	RDV/DI	RDV/DI	–	–	–	639 849
Water	1 522 480	6 446	1 528 926	–	–	1 528 926	1 528 784	–	(270 059)	116%	127%	–	–	–	–
Waste water management	140 541	–	167 949	–	–	167 949	130 542	90 - 105	37 406	78%	93%	–	–	–	638 340
Waste management	7 409	–	–	–	–	–	191	–	(191)	RDV/DI	RDV/DI	3%	–	–	1 509
Total Revenue - Standard	2 387 727	(4 188)	2 383 538	–	–	2 383 538	2 118 990	–	524 587	RDV/DI	RDV/DI	–	–	–	1 877 180
Expenditure - Standard															
Governance and administration	422 202	20 921	443 123	–	–	442 960	394 059	–	48 961	0	0	(12 022)	(12 022)	–	623 164
Executive and council	81 936	(8 039)	109 219	–	–	109 077	94 901	–	14 176	87%	116%	(7 362)	(7 362)	–	300 301
Finance and administration	355 936	28 800	323 526	–	–	323 506	288 963	–	34 543	89%	81%	–	–	–	312 095
Internal audit	11 451	1 602	10 377	–	–	10 377	10 195	–	182	98%	89%	(4 660)	(4 660)	–	10 768
Community and public safety	125 236	14 046	139 282	–	–	139 412	111 083	–	28 328	RDV/DI	RDV/DI	–	–	–	74 785
Community and social services	9 215	1 773	11 215	–	–	11 215	7 468	–	3 747	67%	81%	–	–	–	7 754
Sport and recreation	–	–	–	–	–	–	–	–	–	RDV/DI	RDV/DI	–	–	–	–
Public safety	65 255	4 410	64 755	–	–	64 755	63 648	–	1 107	–	–	–	–	–	45 338
Housing	2 047	18 427	20 509	–	–	20 509	2 096	–	17 912	10%	107%	–	–	–	(19 059)
Health	50 788	(10 564)	43 304	–	–	43 434	37 871	–	5 562	87%	75%	–	–	–	40 752
Economic and environmental services	115 617	871	116 488	–	–	116 287	108 597	–	7 690	0	0	–	–	–	69 638
Planning and development	115 590	(435)	111 499	–	–	111 521	106 104	–	5 416	95%	92%	–	–	–	68 705
Road transport	3 582	1 306	4 989	–	–	4 767	2 493	–	2 274	52%	70%	–	–	–	933
Trading services	1 231 693	(177 046)	1 054 648	–	–	1 045 885	1 210 448	–	(164 563)	0	0	–	–	–	736 067
Water	749 088	(131 659)	565 179	–	–	556 016	916 313	–	(360 297)	165%	122%	–	–	–	527 796
Waste water management	185 519	(39 884)	487 343	–	–	487 741	290 751	–	196 989	60%	157%	–	–	–	200 317
Waste management	6 914	(5 503)	2 126	–	–	2 126	3 384	–	(1 255)	159%	49%	–	–	–	7 953
Total Expenditure - Standard	1 894 748	(641 208)	1 253 540	–	–	1 244 543	1 824 187	–	(570 644)	RDV/DI	RDV/DI	(12 022)	(12 022)	–	1 580 654
Surplus/(Deficit) for the year	492 979	137 620	629 998	–	–	638 995	294 803	–	604 231	RDV/DI	RDV/DI	12 022	12 022	–	373 526

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

Vote Description	2021/22											2020/2021			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue by Vote															
Vote 01 - Legislative & Executive Support Services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	12
Vote 02 - Strategic Management	33 008	10	33 018	–	–	33 018	221	–	32 797	1%	1%	–	–	–	–
Vote 3 - Corporate Services	92 854	1 665	94 519	–	–	94 519	14 821	–	79 698	16%	100%	–	–	–	229
Vote 4 - Budget & Treasury	237 805	4	237 809	–	–	237 809	31 397	–	206 411	13%	13%	–	–	–	6 804
Vote 5 - Engineering Department	1 189 954	(32 599)	1 157 355	–	–	1 157 355	554 455	–	602 900	48%	47%	–	–	–	891
Vote 6 - Health & Protection Department	93 608	–	93 608	–	–	93 608	6 429	–	87 179	7%	7%	–	–	–	1 215
Vote 7 - Water & Sanitation Management	–	–	–	–	–	–	939 262	–	(939 262)	#DIV/0!	#DIV/0!	–	–	–	182 101
Vote 8 - Water Services	528 566	(1 269)	527 297	–	–	527 297	443 316	–	83 981	84%	84%	–	–	–	55 802
Vote 9 - Sanitation Services	167 949	1 265	169 214	–	–	169 214	142 495	–	26 718	84%	85%	–	–	–	22 375
Vote 10 - Land Human Settlement & Economic Development	26 150	25 047	51 197	–	–	51 197	(4 096)	–	55 293	-8%	-16%	–	–	–	–
Vote 11 - Municipal Management	17 832	1 689	19 522	–	–	19 522	(9 311)	–	28 832	-48%	-52%	–	–	–	137 013
								17 - 45	–						
Total Revenue by Vote	2 387 727	(4 188)	2 383 538	–	–	2 383 538	2 118 990	46 - 89	264 549			–	–	–	406 443
Expenditure by Vote to be appropriated								90 - 105							
Vote 1 - Legislative & Executive Support Services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	57 996
Vote 2 - Strategic Management	96 731	(2 096)	94 635	–	(14)	94 620	75 378	–	19 242	80%	78%	–	–	–	74 122
Vote 3 - Corporate Services	166 136	(2 080)	164 056	–	(12)	164 044	160 678	–	3 366	98%	100%	–	–	–	225 366
Vote 4 - Budget & Treasury	137 216	13 168	150 384	–	(22)	150 362	137 264	–	13 098	91%	100%	–	–	–	140 915
Vote 5 - Engineering Department	279 143	(33 671)	245 472	–	(8 997)	236 475	249 987	–	(13 513)	106%	90%	–	–	–	788 577
Vote 6 - Health & Protection Department	123 654	(4 251)	119 403	–	0	119 403	108 987	–	10 416	91%	88%	–	–	–	89 687
Vote 7 - Water & Sanitation Management	87 468	(12 138)	75 331	–	(0)	75 331	52 088	–	23 242	69%	60%	–	–	–	–
Vote 8 - Water Services	366 799	(96 247)	270 553	–	6 036	276 589	642 907	–	(366 318)	232%	175%	–	–	–	–
Vote 9 - Sanitation Services	527 227	(33 498)	493 729	–	(5 988)	487 741	290 751	–	196 989	60%	55%	–	–	–	–
Vote 10 - Land Human Settlement & Economic Development	50 622	23 766	74 388	–	–	74 388	48 468	–	25 920	65%	96%	–	–	–	53 993
Vote 11 - Municipal Management	59 753	5 837	65 590	–	–	65 590	57 678	–	7 912	88%	97%	–	–	–	43 651
Total Expenditure by Vote	1 894 748	(141 208)	1 753 540	–	(8 997)	1 744 543	1 824 187	–	(79 644)			–	–	–	1 474 307
Surplus/(Deficit) for the year	492 978	137 020	629 998	–	8 997	638 995	294 803	#VALUE!	344 192			–	–	–	(1 067 863)

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2022
Annexure 3

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

Description	2021/2022						2020/2021				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Balance to be recovered	Restated Audited Outcome
R thousand											
	1	2	3	4	5	6	7	8	9	14	15
Revenue By Source											
Service charges - water revenue	454 306	–	454 306	–	–	454 306	371 634		82 673	–	300 620
Service charges - sanitation revenue	161 748	–	161 748	–	–	161 748	145 442		16 307	–	111 560
Service charges - other	8 527	(8 527)	(0)	–	–	(0)	7 245		(7 245)	–	1 899
Rental of facilities and equipment	350	–	350	–	–	350	239		111	–	289
Interest earned - external investments	18 717	–	18 717	–	–	18 717	13 552		5 165	–	9 999
Interest earned - outstanding debtors	98 639	–	98 639	–	–	98 639	54 007		44 632	–	67 560
Fines	–	–	–	–	–	–	–		–	–	–
Transfers recognised - operational	1 005 229	44 163	1 049 392	–	–	1 049 392	1 168 987		(119 595)	–	992 340
Grants and subsidies	–	–	–	–	–	–	–		–	–	–
Other revenue	8 906	1 689	10 595	–	–	10 595	3 312		7 283	–	2 618
Gains on disposal of PPE	–	–	–	–	–	–	–		–	–	–
Total Revenue (excluding capital transfers and contributions)	1 756 424	37 325	1 793 749	–	–	1 793 749	1 764 417	17 - 45	29 332	–	1 486 886
Expenditure By Type											
Employee related costs	752 289	(11 207)	741 082	–	3	741 086	679 157	46 - 89	61 929	–	710 466
Remuneration of councillors	18 708	(7 113)	11 595	–	0	11 595	14 716	3 122	(3 122)	–	16 234
Debt impairment	435 960	(20 795)	415 165	–	101	415 266	473 003	90 - 105	(57 737)	–	498 546
Depreciation & asset impairment	190 856	(1 818)	189 038	–	0	189 039	95 396	–	93 643	–	194 810
Finance charges	94	(0)	94	–	0	94	33 399	33 305	(33 305)	–	37 083
Other materials	163 476	(135 992)	23 071	–	235	23 306	190 670	167 364	(167 364)	–	380 808
Contracted services	107 440	33 911	141 360	–	(3 671)	137 689	73 637	–	64 062	–	93 023
Transfers and grants	10 000	1 890	11 890	–	0	11 890	10 811	–	1 080	–	16 521
Other expenditure	215 916	4 324	220 240	–	(5 661)	214 579	250 945	36 366	(36 366)	–	229 827
Loss on disposal of PPE	–	–	–	–	–	–	2 485	–	(2 485)	–	6 832
Total Expenditure	1 894 748	(136 799)	1 753 536	–	(8 993)	1 744 543	1 824 188	240 156	(79 645)	–	2 184 149
						8 993					
Surplus/(Deficit)	(138 324)	(99 474)	40 213	–	8 993	49 206	(59 771)	#VALUE!	108 976	–	(697 263)
Transfers recognised - capital	631 303	(41 513)	589 789	–	–	589 789	342 388	–	247 402	–	519 532
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	492 978	(41 513)	630 002	–	–	638 995	282 617	–	247 402	–	(177 731)
Taxation	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	492 978	(41 513)	630 002	–	–	638 995	282 617	–	247 402	–	(177 731)
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	492 978	(41 513)	630 002	–	–	638 995	282 617	–	247 402	–	(177 731)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	492 978	(41 513)	630 002	–	–	638 995	282 617	–	247 402	–	(177 731)

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2022
Annexure 3

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

Vote Description	2021/2022											2020/2021			
	Original Budget	Budget Adjustments (L.i.o. 128 and 131 of the MFMA)	Final adjustments budget	Shifting of funds (L.i.o. 131 of the MFMA)	Virement (L.i.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 01 - Legislative & Executive Support Services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 02 - Strategic Management	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 03 - Internally Funded Projects	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 04 - Corporate Services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 05 - Budget & Treasury	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 06 - Engineering Department	562 457	(216 738)	345 719	–	–	345 719	232 107	–	113 612	67%	41%	–	–	–	206 356
Vote 11 - Land Human Settlement & Economic Development	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Capital multi-year expenditure sub-total	562 457	(216 738)	345 719	–	–	345 719	232 107	46 - 89	113 612			–	–	–	206 356
Single-year expenditure															
Vote 1 - Legislative & Executive Support Services	–	700	700	–	–	700	–	90 - 105 700	700	0%	#DIV/0!	–	–	–	–
Vote 2 - Strategic Management	10 021	20 000	30 021	–	–	30 021	23 349	–	6 872	77%	231%	–	–	–	9 102
Vote 3 - Corporate Services	–	–	–	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Budget & Treasury	–	–	–	–	–	–	310	(310)	(310)	#DIV/0!	#DIV/0!	(310)	–	–	–
Vote 5 - Engineering Department	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 6 - Health & Protection Department	500	–	500	–	–	500	464	–	36	93%	93%	–	–	–	275
Vote 7 - Water & Sanitation Management	–	223	223	–	–	223	–	–	223	0%	#DIV/0!	–	–	–	–
Vote 8 - Water Services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 9 - Sanitation Services	–	100	100	–	–	100	–	–	100	0%	#DIV/0!	–	–	–	–
Vote 10 - Land Human Settlement & Economic Development	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 11 - Municipal Management	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Capital single-year expenditure sub-total	10 521	21 023	31 544	–	–	31 544	23 924	390	7 621	#DIV/0!	#DIV/0!	(310)	–	–	9 377
Total Capital Expenditure - Vote	572 978	(195 715)	377 263	–	–	377 263	256 031	#VALUE!	121 233	#DIV/0!	#DIV/0!	(310)	–	–	215 733
Capital Expenditure - Standard															
Governance and administration	–	700	700	–	–	700	310	(310)	390	#DIV/0!	#DIV/0!	–	–	–	215 458
Executive and council	–	700	700	–	–	700	–	–	700	0%	#DIV/0!	–	–	–	215 458
Finance and administration	–	–	–	–	–	–	310	(310)	–	#DIV/0!	#DIV/0!	–	–	–	–
Internal audit	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Community and public safety	500	–	500	–	–	500	464	–	36	93%	93%	–	–	–	–
Community and social services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Sport and recreation	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Public safety	500	–	500	–	–	500	464	–	36	93%	93%	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Economic and environmental services	10 021	20 223	30 244	–	–	30 021	23 349	6 872	6 872	0	0	–	–	–	–
Planning and development	10 021	20 000	30 021	–	–	30 021	23 349	6 872	6 872	77%	231%	–	–	–	–
Road transport	–	223	223	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	562 457	(216 638)	345 819	–	–	345 819	232 107	–	113 712	0	#DIV/0!	–	–	–	–
Water	562 457	(216 738)	345 719	–	–	345 719	232 107	–	113 612	67%	41%	–	–	–	–
Waste water management	–	100	100	–	–	100	–	–	100	0%	#DIV/0!	–	–	–	–
Waste management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	572 978	(195 715)	377 263	–	–	377 040	256 031	6 562	121 009	#DIV/0!	#DIV/0!	–	–	–	215 458
Funded by:															
National Government	572 978	(195 715)	377 263	–	–	377 263	256 031	–	121 233	68%	45%	–	–	–	215 733
Provincial Government	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	572 978	(195 715)	377 263	–	–	377 263	256 031	–	121 233						215 733
Public contributions & donations	–	–	–	–	–	–	–	–	–						–
Borrowing	–	–	–	–	–	–	–	–	–						–
Internally generated funds	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Total Capital Funding	572 978	(195 715)	377 263	–	–	377 263	256 031	–	121 233	#DIV/0!	#DIV/0!	–	–	–	215 733

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2022

Annexure 3

Reconciliation of Table A7 Budgeted Cash Flows

Description	2021/2022								2020/2021
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
R thousand	1	2	3	6	7	9	10	11	12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts	2 089 435	(882 294)	1 207 141	1 207 141	1 578 258	(371 117)	0	0	1 619 695
Ratepayers and other	467 303	(15 002)	452 301	452 301	(676)	452 977	0%	0%	30 264
Government - operating	998 937	(773 937)	225 000	225 000	1 168 987	(943 987)	520%	117%	972 675
Government - capital	583 740	(53 899)	529 841	529 841	342 388	187 453	65%	59%	539 198
Interest	39 456	(39 456)	—	—	67 559	(67 559)	100%	100%	77 559
Payments	(2 171 302)	1 045 534	(1 125 768)	(1 125 768)	(1 263 981)	(1 074 781)	0	0	(1 498 440)
Suppliers and employees	(2 161 207)	1 045 534	(1 115 674)	(1 115 674)	(1 248 260)	(1 058 065)	112%	58%	(1 491 069)
Finance charges	(94)	—	(94)	(94)	(15 721)	(6 716)	100%	100%	(7 371)
Other	(10 000)	—	(10 000)	(10 000)	—	(10 000)	100%	100%	—
NET CASH FROM/(USED) OPERATING ACTIVITIES	(81 866)	163 239	81 373	81 373	314 277	(1 445 898)	0	0	121 255
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts	—	—	—	—	—	(2 137)	0	17 - 45	(2 245)
Proceeds on disposal of PPE	—	—	—	—	—	—	100%	100%	—
Increase in Investment property	—	—	—	—	—	—	100%	46 - 89	617
Decrease (increase) in non-current debtors	—	—	—	—	—	—	100%	100%	—
Decrease (increase) other non-current receivables	—	—	—	—	—	—	100%	90 - 105	—
Decrease (increase) in financial assets	—	—	—	—	—	(2 137)	100%	100%	(2 862)
Payments	—	(241 379)	(241 379)	(241 379)	(262 279)	20 901	0	#DIV/0!	(227 205)
Capital assets	—	(241 379)	(241 379)	(241 379)	(262 279)	20 901	109%	#DIV/0!	(227 205)
NET CASH FROM/(USED) INVESTING ACTIVITIES	—	(241 379)	(241 379)	(241 379)	(262 279)	18 764	0	#VALUE!	(229 450)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts	—	—	—	—	(159)	(159)			(295)
Reserves	—	—	—	—	—	—			—
Finance lease payments	—	—	—	—	(159)	(159)			(295)
Increase (decrease) in consumer deposits	—	—	—	—	—	—	100%	100%	—
Payments	—	—	—	—	—	—	0	0	—
Repayment of borrowing	—	—	—	—	—	—	100%	100%	—
NET CASH FROM/(USED) FINANCING ACTIVITIES	—	—	—	—	(159)	(159)			(295)
NET INCREASE/ (DECREASE) IN CASH HELD	(81 866)	(78 140)	(160 006)	(160 006)	51 839	(1 427 294)	0	#VALUE!	(108 490)
Cash/cash equivalents at the year begin:	205 459	(114 628)	90 831	90 831	84 581	6 250	93%	41%	188 667
Cash/cash equivalents at the year end:	123 593	(192 767)	(69 175)	(69 175)	136 419	(205 594)	-197%	110%	84 581