



**Annual Financial Statements
for the year ended 30 June 2023**

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

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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	Ntsangani, A
Speaker	Mgunculu, O
Chief Whip	Rulashe, N
Councillors	Madikane, B.A (Corporate Services Human Resources Management) Mngxaso, X (Spatial Planning and Economic Development) Ketelo, B (Strategic Management and Development) Maneli, K.C. (Community Services) Phumaphi, F. (Budget and Treasury) Geza, 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

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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 6 of 2023
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
Compensation for Occupational Injuries and Diseases Act 130 of 1993

Municipal Manager	Dr B.J. Mthembu
Office number	043 701 4000
Email	info@amathole.gov.za
Business address	15 Rees Street Quigney East london 5201
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.M	Mbhashe Local Municipality
Nkomonye, N	Mbhashe Local Municipality
Genyane, C	Mbhashe Local Municipality
Mkhedamo, N .M	Mbhashe Local Municipality
Sibingibingi, M	Mbhashe Local Municipality
Mboxela, Z	Mbhashe Local Municipality
Ndlodaka, N.N	Mbhashe Local Municipality
Mboneli, U	Mbhashe Local Municipality
Pakamile,S.H	Great Kei Municipality
Paliso, N	Mnquma Local Municipality
Sobekwa, Z	Mnquma Local Municipality
Qaba ,M	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
Mjo, T	Raymond Mhlaba Municipality
Klaas, N	Raymond Mhlaba Municipality
Ruselo, N	Raymond Mhlaba Municipality
Magxwalisa, S	Raymond Mhlaba Municipality
Kley,S	Raymond Mhlaba Municipality
Auld, A.A	Raymond Mhlaba Municipality
Nodikida,A	Ngqushwa Local Municipality
Mdubula, L	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
Mfecane,N	Proportional Representative
Ngxakangxaka, N	Proportional Representative

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

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 2024 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.

The external auditors are responsible for independently reviewing and reporting on the annual financial statements.

The annual financial statements have been prepared on the going concern basis, were approved on 31 August 2023 and were signed on its behalf by:

Municipal Manager

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	Restated 2022
Assets			
Current Assets			
Inventories	12	10 264 233	25 282 546
Receivables from exchange transactions	13	325 471 074	212 610 740
Receivables from non- exchange transactions	14	26 543 185	49 016 447
Current investment	15	7 434 597	7 137 129
Cash and cash equivalents	16	385 418 172	218 675 011
		755 131 262	512 721 872
Non - Current Assets			
Investment property	3	142 263 345	147 103 904
Property, plant and equipment	4	4 538 894 266	4 522 717 107
Intangible assets	5	313 734	627 423
Heritage assets	6	400 000	400 000
Investments in controlled entities	7	1 000	1 000
Non current receivables	8	2 418 760	1 603 760
		4 684 291 104	4 672 453 194
Total Assets		5 439 422 366	5 185 175 066
Liabilities			
Current Liabilities			
Current portion of employee benefit obligation	9	7 951 000	5 660 000
Finance lease obligation	17	-	-
Other payables from non exchange transactions	19	9 299 328	7 805 220
Payables from exchange transactions	21	575 579 160	543 674 428
Taxes and transfers payable (non - exchange)	22	-	8 910 768
VAT Payable	56	195 598 270	154 434 629
Consumer deposits	23	3 801 256	3 615 344
Unspent conditional grants and receipts	18	272 456 632	120 876 257
Provisions	20	87 581 382	153 446 412
		1 152 267 028	998 423 058
Non- current Liabilities			
Operating lease liability		135 689	1 108 776
Employee benefit obligation	10	181 393 040	187 914 890
Non- current provision	11	14 043 443	10 914 865
		195 572 172	199 938 531
Total Liabilities		1 347 839 200	1 198 361 589
Net Assets		4 091 583 171	3 986 813 477
Reserves			
Accumulated surplus		4 091 583 171	3 986 813 477
Total Net Assets		4 091 583 171	3 986 813 477

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance for the year ending 30 June 2023

Figures in Rand	Note(s)	2023	Restated 2022
Revenue			
Revenue from exchange transaction			
Service charges	25	516 068 422	524 320 833
Rental of facilities and equipment	26	288 875	238 896
Interest earned outstanding receivables	52	51 381 131	54 007 092
Other income	27	1 431 289	3 257 899
Interest received - Investment	28	23 992 186	12 710 324
Total revenue from exchange transaction		593 161 903	594 535 044
Revenue from non - exchange transaction			
Donations received	58	-	53 680
Transfer revenue			
Government grants & subsidies	29	1 196 733 905	1 511 374 931
Total revenue from non - exchange transaction		1 196 733 905	1 511 428 611
Total revenue	24	1 789 895 808	2 105 963 655
Expenditure			
Employee related costs	30	(639 920 825)	(693 528 525)
Remuneration of councillors	31	(14 367 235)	(14 716 460)
Depreciation, amortisation and impairment	32	(154 746 071)	(165 194 545)
Finance costs	33	(46 436 287)	(33 681 870)
Debt impairment	34	(400 229 325)	(473 003 000)
Repairs and maintenance	54	(30 008 699)	(33 715 308)
Contracted services	35	(81 020 981)	(73 626 988)
Transfers and grants expenditure	57	(10 760 678)	(10 810 631)
Inventory consumed	36	(131 616 372)	(360 795 455)
Operational costs	37	(205 205 564)	(206 086 377)
Total expenditure		(1 714 312 037)	(2 065 159 158)
Operating surplus		75 583 771	40 804 497
Gain/(Loss) on disposal of assets	53	419 943	(2 464 792)
Actuarial gains	10	28 765 980	12 184 664
Surplus for the year		104 769 694	50 524 369

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement for the year ended 30 June 2023

Figures in Rand	Note(s)	2023	Restated 2022
Cash flows from operating activities			
Receipts			
Service charges		49 108 945	807 621 533
Grants		1 348 314 280	1 596 609 282
Interest income		23 992 186	12 710 324
Other receipts		1 720 164	3 496 795
		1 423 135 575	2 420 437 934
Payments			
Employee costs		(705 538 952)	689 115 582
Suppliers		(340 334 184)	(578 250 971)
Finance costs		(21 129 402)	(15 150 547)
		(1 067 002 538)	95 714 064
Net cash flows from operating activities	39	356 133 037	2 516 151 998
Cash flow from investing activities			
Purchase of property, plant and equipment	4	(11 689 064)	(142 184 100)
Proceeds from sale of property, plant and equipment	4	-	1 571 500
Movement in investment property		-	-
Increase in current investment		-	(2 000 000)
Net cash flows from investing activities		(11 689 064)	(142 612 600)
Cash flow from financing activities			
Finance lease payments		-	(159 156)
Net cash flows from financing activities		-	(159 156)
Net increase/(Decrease) in cash and cash equivalents		344 443 973	2 373 380 242
Cash and cash equivalent at the beginning of the year		218 675 011	84 580 828
Cash and cash equivalent at the end of the year	16	385 418 172	218 675 011

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total Net Assets
Opening balance as previously reported	4 142 044 240	4 142 044 240
Prior period errors (Note 45)	(205 755 132)	(205 755 132)
Balance at 01 July 2021 as restated	3 936 289 108	3 936 289 108
Surplus for 30 June 2022	50 524 369	50 524 369
Total changes	50 524 369	50 524 369
Balance at 01 July 2022 as restated	3 986 813 477	3 986 813 477
Surplus for the year	104 769 694	104 769 694
Balance at 30 June 2023	4 091 583 171	4 091 583 170

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

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	660 000 001	(32 392 199)	627 607 802	516 068 422	(111 539 380)	1
Rental of facilities and equipment	385 327	-	385 327	288 875	(96 452)	2
Interest earned outstanding receivables	25 000 000	12 330 697	37 330 697	51 381 131	14 050 434	3
Other income	1 024 148 88	-	10 241 488	1 431 289	(8 810 199)	4
Interest received - Investment	1 568 638	14 588 083	16 156 721	23 992 186	7 835 465	5
Total revenue from exchange transaction	697 195 454	(5 473 419)	691 722 035	593 161 903	(98 560 132)	
Revenue from non - exchange transaction						
Donations received	-	-	-	-	-	
Transfer revenue						
Government grants & subsidies	1 842 449 999	-118 175 209	1 724 274 790	1 196 733 905	(527 540 885)	6
Total revenue from non - exchange transaction	1 842 449 999	-118 175 209	1 724 274 790	1 196 733 905	(527 540 885)	
Total revenue	2 539 645 453	(123 648 628)	2 415 996 825	1 789 895 808	(626 101 017)	
Expenditure						
Employee related costs	797 819 710	(24 255 838)	773 563 872	(639 920 825)	133 643 047	7
Remuneration of councillors	15 128 649	-	15 128 649	(14 367 235)	761 414	8
Depreciation and amortisation	231 891 557	(23 624 564)	208 266 993	(154 746 071)	53 520 922	9
Finance costs	97 971	-	97 971	(46 436 287)	(46 338 316)	10
Debt impairment	185 309 605	104 604 560	289 914 165	(400 229 325)	(110 315 160)	11
Collection costs	13 226 839	-	13 226 839	-	13 226 839	12
Repairs and maintenance	11 702 217	11 000 000	22 702 217	(30 008 699)	(7 306 482)	13
Contracted services	69 436 010	24 819 938	94 255 948	(81 020 981)	13 234 967	14
Inventory consumed	23 876 033	(400 000)	23 476 033	(131 616 372)	(108 140 339)	15
Transfers and grant expenditure	10 000 000	-	10 000 000	(10 760 678)	(760 678)	16
Operational costs	269 106 270	(40 474 566)	228 631 704	(205 205 564)	23 426 140	17
Total expenditure	1 627 594 861	51 669 530	1 679 264 391	(1 714 312 037)	(35 047 646)	
Operating surplus	912 050 592	(175 318 158)	736 732 434	75 583 771	(661 148 663)	
Actuarial gain	-	-	-	28 765 980	28 765 980	18
Loss on disposal of assets	-	-	-	419 943	419 943	19
Surplus/(deficit) for the year	912 050 592	(175 318 158)	736 732 434	104 769 694	(631 962 740)	
Actual Amount on Comparable basis	912 050 592	(175 318 158)	736 732 434	104 769 694	(631 962 740)	

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Annual Financial Statements for the year ended 30 June 2023

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	175 843 022	(18 444 975)	157 398 047	10 264 233	(147 133 814)	1
Receivables from exchange transactions	504 444 421	(121 185 023)	383 259 398	325 471 074	(57 788 323)	2
Receivables from non- exchange transactions	160 597 302		160 597 302	26 543 185	(134 054 117)	3
Current investment	-	53 646 354	53 646 354	7 434 597	(46 211 757)	4
Cash and cash equivalents	534 431 021	(232 722 782)	301 708 239	385 418 172	83 709 934	5
	1 375 315 766	(318 706 427)	1 056 609 339	755 131 262	(301 478 077)	
Non - Current Assets						
Investment property	146 754 519	(563 998)	146 190 521	142 263 345	(3 927 176)	6
Property, plant and equipment	4 889 535 859	473 651 652	5 363 187 511	4 538 894 266	(824 293 245)	7
Intangible assets	3 879 725	(42)	3 879 683	313 734	(3 565 949)	8
Heritage assets	401 000	-	401 000	400 000	(1 000)	
Investments in controlled entities			-	1 000	1 000	
Non - current receivables			-	2 418 760	2 418 760	9
	5 040 571 103	473 087 612	5 513 658 715	4 684 291 104	(829 367 611)	
Total Assets	6 415 886 869	154 381 185	6 570 268 054	5 439 422 366	(1 130 845 688)	
Liabilities						
Current Liabilities						
Current portion: Employee benefit obligation			-	7 951 000	7 951 000	20
Finance lease obligation			-	-	-	10
Other payables from non exchange transaction	256 967	-	256 967	9 299 328	9 042 361	11
Payables from exchange transactions	821 758 549	-	821 758 549	575 579 160	(246 179 389)	12
Taxes and transfers payable (non - exchange)			-	-	-	13
VAT payable	333 520 147	(144 043 358)	189 476 789	195 598 270	6 121 481	14
Consumer deposits	4 729 366	-	4 729 366	3 801 256	(928 110)	15
Unspent conditional grants and receipts	27 959 170	-	27 959 170	272 456 632	244 497 462	16
Provisions	190 020 096	-	190 020 096	87 581 382	(102 438 714)	17
	1 378 244 295	(144 043 358)	1 234 200 937	1 152 267 028	(81 933 909)	
Non- current Liabilities						
Finance lease obligation			-	-	-	
Operating lease liability	(44 711)	-	(44 711)	135 689	180 400	18
Non-Current provision	61 361 576	(53 281 332)	8 080 244	14 043 443	5 963 199	19
Employee benefit obligation	156 890 396	(137 165 560)	19 724 836	181 393 040	161 668 204	20
	218 207 261	(190 446 892)	27 760 369	195 572 172	167 811 803	
Total Liabilities	1 596 451 556	(334 490 250)	1 261 961 306	1 347 839 200	85 877 894	
Net Assets	4 819 435 313	488 871 435	5 308 306 748	4 091 583 167	(1 216 723 582)	-
Accumulated surplus	4 819 435 313	123 240 143	4 942 675 456	4 091 583 171	(851 092 285)	
Total Net Assets	4 819 435 313	123 240 143	4 942 675 456	4 091 583 167	(851 092 289)	

Amathole District Municipality

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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	239 784 332	9 595 384	249 379 716	49 108 945	(200 270 771)	
Grants	740 542 962	253 472 529	994 015 491	1 348 314 280	354 298 789	
Interest income	1 568 638	-156 863 8	-	23 992 186	23 992 186	
Other receipts	328 191 446	(242 545 820)	85 645 626	1 720 164	(83 925 462)	
	1 310 087 378	18 953 455	1 329 040 833	1 423 135 575	94 094 742	
Payments						
Employee costs	(393 299 383)	(275 784 128)	(669 083 511)	(705 538 952)	(36 455 441)	
Suppliers			-	(340 334 184)	(340 334 184)	
Finance costs			-	(21 129 402)	(21 129 402)	
	(393 299 383)	(275 784 128)	(669 083 511)	(1 067 002 538)	(397 919 027)	
Net cash flows from operating activities	916 787 995	(256 830 673)	659 957 322	356 133 037	(303 824 285)	1
Cash flow from investing activities						
Purchase of property, plant and equipment	-	-	-	(11 689 064)	(11 689 064)	
Proceeds from sale of property, plant and equipment	-	-	-	-	-	
Increase in current investments	-	-	-	-	-	
Capital assets	(468 495 179)	(110 839 207)	(579 334 386)	-	579 334 386	
Net cash flows from investing activities	(468 495 179)	(110 839 207)	(579 334 386)	(11 689 064)	567 645 322	2
Cash flow from financing activities						
Proceeds from consumer deposits	-	-	-	-	-	
Repayment of other financial liabilities	-	-	-	-	-	
Net cash flows from financing activities	-	-	-	-	-	3
Net increase/(Decrease) in cash and cash equivalents	448 292 816	(366 101 242)	82 191 574	344 443 973	262 252 399	
Cash and cash equivalent at the beginning of the year	79 298 227	140 218 438	219 516 665	218 675 011	(841 654)	
Cash and cash equivalent at the end of the year	527 591 043	(225 882 804)	301 708 239	563 118 984	261 410 745	

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Reportable Segments for the year ended

Segments by Function

Figures in rands

30 June 2023

Revenue	Water Service Authority	Sanitation	Fire Services	Total of Segments
External Revenue from Non-Exchange transactions	812 845 283	-	-	812 845 283
External Revenue from Exchange Transactions	386 122 825	122 062 593	7 928 425	516 113 843
Revenue from exchange with other Segments	-	-	-	-
Interest Revenue	37 246 841	13 872 698	252 556	51 372 095
Material items of Revenue	-	-	-	-
	1 236 214 949	135 935 291	8 180 981	1 380 331 221

Expenses

Interest Expense	12 641	6 129	-	18 770
Depreciations and Amortisation	137 825 888	9 895 155	117 619	147 838 662
Material Items of Expenses	462 516 665	85 462 198	61 533 991	609 512 854
Material Items of Non-Cash Items	259 043 297	141 186 028	-	400 229 325
	859 398 491	236 549 510	61 651 610	1 157 599 611
Surplus / (Deficit)	376 816 458	(100 614 219)	(53 470 629)	222 731 610

Assets	5 639 228 543	426 553 380	16 765 240	6 082 547 163
Liabilities	(107 239 874)	-	-	(107 239 874)

30 June 2022

Revenue	Water Service Authority	Sanitation	Fire Services	Total of Segments
External Revenue from Non-Exchange transactions	1 504 667 942	-	-	1 504 667 942
External Revenue from Exchange Transactions	384 224 476	115 457 320	6 202 497	505 884 293
Revenue from exchange with other Segments	-	-	-	-
Interest Revenue	39 897 375	15 079 517	26 165	55 003 057
Material items of Revenue	-	-	-	-
	1 928 789 793	130 536 837	6 228 662	2 065 555 292

Expenses

Interest Expense	115 774	13 966 097	-	14 081 871
Depreciations and Amortisation	163 958 732	358 536	535	164 317 803
Material Items of Expenses	712 943 219	87 261 569	60 655 081	860 859 869
Material Items of Non-Cash Items	283 801 801	189 201 199	-	473 003 000
	1 160 819 526	290 787 401	60 655 616	1 512 262 543
Surplus / (Deficit)	767 970 267	(160 250 564)	(54 426 954)	553 292 749

Assets	2 733 044 847	466 406 280	19 681 340	3 219 132 467
Liabilities	1 218 264 234	3 145 034	(405 616)	1 221 003 652

Amathole District Municipality

Annual Financial Statements for the period ended 30 June 2023

Reportable Segments for the year ended

Segment Reconciliation

Figures in rands

30 June 2023

Revenue	Total of Segments (A)	(B - A)	Entire Wide Information (B)
External Revenue from Non-Exchange transactions	812 845 283	383 888 622	1 196 733 905
External Revenue from Exchange Transactions	516 113 843	25 666 929	541 780 772
Revenue from exchange with other Segments	-	-	-
Interest Revenue	51 372 095	9 036	51 381 131
Material items of Revenue	-	-	-
	1 380 331 221	409 564 587	1 789 895 807

Expenses

Interest Expense	18 770	46 417 517	46 436 287
Depreciations and Amortisation	147 838 662	6 907 409	154 746 071
Materials Items of Expenses	609 512 854	474 201 577	1 083 714 431
Material Items of Non-Cash Items	400 229 325	-	400 229 325
	1 157 599 611	527 526 503	1 685 126 114
Surplus / (Deficit)	222 731 610	(117 961 916)	104 769 694

Assets	6 082 547 163	(643 124 797)	5 439 422 366
Liabilities	(107 239 874)	(1 240 599 326)	(1 347 839 200)

30 June 2022

Revenue	Total of Segments (A)	(B - A)	Entire Wide Information (B)
External Revenue from Non-Exchange transactions	1 504 667 942	6 760 669	1 511 428 611
External Revenue from Exchange Transactions	505 884 293	21 933 341	527 817 634
Interest Revenue	55 003 057	11 714 360	66 717 417
Material items of Revenue	-	-	-
	2 065 555 292	40 408 370	2 105 963 662

Expenses

Interest Expense	14 081 871	19 599 999	33 681 870
Depreciations and Amortisation	164 317 803	876 742	165 194 545
Materials Items of Expenses	860 859 869	522 700 002	1 383 559 871
Material Items of Non-Cash Items	473 003 000	-	473 003 000
	1 512 262 543	543 176 743	2 055 439 286
Surplus / (Deficit)	553 292 749	(502 768 373)	50 524 376

Assets	3 219 132 467	1 966 042 599	5 185 175 066
Liabilities	1 221 003 652	(2 419 365 241)	(1 198 361 589)

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

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 Amortizations)

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.

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.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Significant Accounting Policies

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.

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

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

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.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

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.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Significant Accounting Policies

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:

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.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Significant Accounting Policies

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: -

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) 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.

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.

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.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Significant Accounting Policies

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.

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).

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Significant Accounting Policies

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.

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.

Amathole District Municipality

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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 30 days 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.

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.

Amathole District Municipality

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Significant Accounting Policies

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.

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.

Amathole District Municipality

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Significant Accounting Policies

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.

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.

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Significant Accounting Policies

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.

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.

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Significant Accounting Policies

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.

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.

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Significant Accounting Policies

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.

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.

Amathole District Municipality

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Significant Accounting Policies

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 a 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.

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.

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Significant Accounting Policies

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.

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.

Amathole District Municipality

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Significant Accounting Policies

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.

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.

Amathole District Municipality

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Significant Accounting Policies

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.

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

Amathole District Municipality

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Significant Accounting Policies

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.

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

Section 1 of the Municipal Finance Management Act (Act no.56 of 2003) (MFMA), defines Unauthorised expenditure as follows:

any expenditure incurred by a municipality otherwise than in accordance with section 15 or 1 I(3). and includes-

- (a) overspending of the total amount appropriated in the municipality's approved budget;
 - (b) overspending of the total amount appropriated for a vote in the approved budget;
 - (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
 - (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
 - (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
 - (f) a grant by the municipality otherwise than in accordance with this Act: "vote" means-
- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
 - (b) which specifies, the total amount that is appropriated for the purposes of the department or functional area concerned.

In this context, unauthorised expenditure is the overspending of a vote or a main division within a vote; or expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is disclosed as a note to the financial statements.

During the period of investigation, the expenditure must remain in the municipality's expenditure account since the outcome of the investigation will determine the appropriate action that must be taken by the accounting officer.

Unauthorised expenditure that is incurred before the adjustment budget is condoned by Council through the adjustment budget.

Unauthorised expenditure that is incurred after the adjustment budget is referred to the Municipal Public Accounts committee (MPAC) for further investigation.

and recommendation to Council. Where MPAC, after investigation, recommends to Council to certify the unauthorised expenditure,

as irrecoverable and to write off the unauthorised expenditure, it is disclosed in the note to the financial statements as condoned by Council.

Where MPAC, after investigation, determines that the unauthorised expenditure must be recovered from the relevant official, the unauthorised expenditure

is recognised as a debtor in the Statement of Financial Position and the note to the financial statements is updated.

Unauthorised expenditure is derecognised from the note upon being condoned by Council or being transferred to the Statement of Financial Position.

1.26 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined in section 1 of the MFMA as follows:

fruitless and wasteful expenditure is expenditure which was made in vain and would have been avoided had reasonable care been exercised.

The words in vain as contained in the definition of fruitless and wasteful refers to a transaction, event or condition which was undertaken without value or substance and which did not yield any desired results or outcome. Reasonable care means applying due diligence (careful application, attentiveness, caution) to ensure that the probability of a transaction, event or condition not being achieved as planned is being managed to an acceptable level.

Fruitless and wasteful expenditure that has been incurred and identified must be recorded in the fruitless and wasteful register.

The expenditure must remain in the expense account until the outcome of the investigation which will determine the appropriate action that must be taken by the

accounting officer or accounting authority with regard to the disclosure and recovery of such fruitless and wasteful expenditure.

The note to the financial statements must be updated.

If such investigations are not concluded by the date on which the annual financial statements are published, a narrative to this effect must be included as part of the fruitless and wasteful expenditure note to the annual financial statements.

Should the investigation reveal that the expenditure does not constitute fruitless and wasteful expenditure; the details of the expenditure must be retained in the register for purposes of completeness and to provide for an appropriate audit trail.

The note to the financial statements must be updated to reflect the outcome of the investigation.

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Significant Accounting Policies

Fruitless and wasteful expenditure must either be recovered from the person liable in law; and in instances where recovery is not possible, such fruitless and wasteful expenditure may be written off by the accounting officer or accounting authority and the note to the financial statements updated.

Fruitless and wasteful expenditure is recognized as expenditure in the Statement of Financial Performance according to the nature of the payment, not as a separate line item on the face of the Statement of Financial Performance.

If an employee is held liable in terms of the law, recovery must be made and a debtor must be created in the Statement of Financial Position.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed.

The financial statements must include particulars of fruitless and wasteful expenditure that occurred during the financial year and any disciplinary steps taken as a result of such fruitless and wasteful expenditure.

Fruitless and wasteful expenditure is removed from the note when it is either written off by the relevant authority or transferred to receivables for recovery.

Additional disclosure for fruitless and wasteful expenditure is disclosed in note 50.

1.27 Irregular expenditure

Irregular expenditure is defined in section 1 of the MFMA as follows:

"irregular expenditure", in relation to a municipality or municipal entity), means-

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in Contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 30 No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

In this context "expenditure" refers to any use of municipal funds that is in contravention of the following legislation:

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 its regulations; or

is in contravention of the municipality's supply chain management policy and any by-laws giving effect to the policy.

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

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

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

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

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity, including VAT, unless it is impracticable to determine in which case reasons therefore is provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

Additional disclosure for irregular expenditure is disclosed in note 49.

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 2023

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

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity)
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met. Reports are used to identify reportable segments and the review thereof, eg. monthly section 71 reports.

General information

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).

Segments were aggregated for reporting purposes.

The municipality operates throughout the Amathole District within the Eastern Cape across six local municipalities.

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the District were sufficiently similar to warrant aggregation.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Significant Accounting Policies

The municipality reports a measure of assets and liabilities for each reportable segment if such an amount is regularly provided to management.

The municipality does not disclose the geographical areas in which it operates as management does not at present have reliable separate financial information that is generated cost-effectively for decision making purposes.

Measurement of segment surplus or deficit, assets and liabilities

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment.

If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis. If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure.

If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures shall be those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	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 2022 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	Approved but not yet effective	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.
IGRAP 21: The effect of past decisions on materiality	01 April 2023	The issues addressed are whether past decisions about materiality affect subsequent periods. The other issue is whether applying alternative accounting treatment based on materiality is a departure from the standards of GRAP or an error. Unlikely that there would be a material effect.

3. Investment property

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	144 105 348	(1 842 003)	142 263 345	152 305 348	(5 201 444)	147 103 904

Reconciliation of Investment property - 2023

	Opening carrying value	Transfers In/ (Out)	Depreciation	Closing carrying value
Investment property	147 103 904	(4 701 613)	(138 946)	142 263 345

Reconciliation of Investment property - 2022

	Opening carrying value	Transfers In/ (Out)	Depreciation	Closing carrying value
Investment property	147 461 517	-	(357 613)	147 103 904

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
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	288 875	238 896
Refer to Note 41 for lease commitments		
The comparative figure for Investment property has been restated, refer Note 45 .		

4. Property, plant and equipment

	2023			Restated 2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Land	6 965 092	-	6 965 092	5 325 092	-	5 325 092
Solid waste	3 957 980	(2 176 212)	1 781 768	3 957 980	(1 978 313)	1 979 667
Operational Buildings	18 889 021	(11 034 052)	7 854 969	15 827 408	(10 287 805)	5 539 603
Sanitation	355 880 972	(142 128 362)	213 752 610	323 667 331	(133 169 968)	190 497 363
Water supply	5 955 666 469	(1 724 802 942)	4 230 863 527	5 830 052 731	(1 588 326 639)	4 241 726 092
Finance leased assets	349 656	(349 656)	-	-	(349 656)	(349 656)
Community assets	1 832 896	(1 009 073)	823 823	1 832 896	(947 976)	884 920
Computer equipment	42 464 407	(18 018 132)	24 446 275	41 221 393	(16 666 548)	24 554 845
Furniture and office equipment	19 741 902	(9 428 843)	10 313 059	19 949 656	(9 011 388)	10 938 268
Machinery and equipment	4 866 459	(2 464 141)	2 402 318	4 921 879	(2 351 792)	2 570 087
Transport assets	116 291 876	(76 601 051)	39 690 825	107 949 033	(68 898 210)	39 050 823
	6 526 906 730	(1 988 012 464)	4 538 894 267	6 354 705 399	(1 831 988 295)	4 522 717 104

Reconciliation of property, plant and equipment - 2023

	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	-	-	1 640 000	-	-	-	6 965 092
Solid waste	1 979 667	-	-	-	-	-	(197 899)	1 781 768
Operational Buildings	5 539 604	-	-	3 061 613	-	-	(746 247)	7 854 970
Sanitation	217 515 876	-	-	-	32 213 640	-	(8 958 395)	240 771 121
Water Supply	4 214 707 643	592 143	-	-	125 021 595	-	(136 476 303)	4 203 845 078
Community	884 919	-	-	-	-	-	(61 097)	823 822
Finance leased assets	(349 656)	-	349 656	-	-	-	-	-
Computer Equipment	24 554 781	2 209 157	(372 689)	-	-	-	(1 944 974)	24 446 275
Furniture and fittings	10 938 265	323 513	(409 715)	-	-	-	(539 005)	10 313 058
Machinery and equipment	2 570 090	221 407	(147 122)	-	-	-	(242 055)	2 402 320
Transport assets	39 050 824	8 342 844	-	-	-	-	(7 702 843)	39 690 825
	4 522 717 105	11 689 064	(579 870)	4 701 613	157 235 235	-	(156 868 818)	4 538 894 329

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

									2023 R	Restated 2022 R
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	-	-	-	-	-	(197 899)	1 979 667		
Operational buildings	6 067 179	-	-	h	-	-	(527 575)	5 539 604		
Sanitation	197 885 142	433 625	-	-	30 284 607	-	(11 087 498)	217 515 876		
Water supply	4 157 255 360	138 589 940	-	(136 261 491)	247 460 234	(270 565)	(192 065 835)	4 214 707 643		
Community	946 016	-	-	-	-	-	(61 097)	884 919		
Finance leased assets	265 344	-	(615 000)	-	-	-	-	(349 656)		
Computer Equipment	25 445 243	792 978	(41 261)	-	-	-	(1 642 179)	24 554 781		
Furniture and fittings	11 757 260	39 097	(32 683)	-	-	-	(825 409)	10 938 265		
Machinery and equipment	2 005 735	1 117 120	(14 308)	-	-	-	(538 457)	2 570 090		
Transport assets	44 520 818	1 211 340	(2 992 202)	-	-	-	(3 689 132)	39 050 824		
	4 453 650 755	142 184 100	(3 695 454)	(136 261 491)	277 744 841	(270 565)	(210 635 081)	4 522 717 105		

The comparative amounts in the note has been restated refer to **note 45**.

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	Carrying Amount R	Reasons for the delays
Ibika Centane Water Supply Phase 3 - Mhlahlane Villages	23/06/2021	Undetermined	42 264 508	The contractor has been granted so many extensions of time: - For COVID 19 and lock down - For delays due to inclement weather - For delays due to disconnection of ESKOM and they are still not reaching practical completion.
Zingcuka Water Supply Scheme	18/06/2021	2021/03/09	15 702 128	The contractor is in the process of submitting claim for the extension of time to the 03/09/2021. The delays were due to: - Inclement weather - Eskom connection to the booster pumpstation - Delays on delivery of galvanized pipe
Shixini Water Supply	2019/01/11	30/04/2021	33 507 925	Poor performance by contractor and cashflow problems by contractor. Completed work is at 90%
Idutywa East Water Supply - Contract 11	30/06/2018	n/a	24 273 394	Delayed by Extension of appointment for consultant
Xhora Water Supply	30/09/2021	31/08/2021	430 819 442	Delays due to Covid 19 Lock down and delays with testing the pumps

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

					2023 R	Restated 2022 R
Mgwali South Water Supply	31/03/2021	30/11/2021	80 254 526	Delay on material supply during covid19 period. Poor performance by contractor. Completed work is at 95%		
Nxaxo & Cebe Water Supply Scheme - Phase 1 Contract 1 Completion	20/03/2019	31/10/2023	107 766 871	Extension of work, poor performance and non-compliance from the contractor and cash flow challenges. Contract has been terminated and the contractor to be appointed for the next phase will complete the outstanding works.		
Ekuphumleni & 9 Villages (Raymond Mhlaba)	15/12/2019	15/12/2022	16 880 241	Poor Performance by Contractor and cashflow problems and the completed work is at 90%		
Total			R 751 469 035			

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 (BCM) and Chris Hani District Municipality. The costing process of the affected assets is being finalised by ADM.

During the period under review, the infrastructure assets to be disposed were identified from Xhora and the assets amount to the carrying of R45 629 092,60. The disposal will be implemented in the annual financial statement and fixed asset register once the approval is granted by council.

During the relocation there were furniture and fittings were damaged and Insurance Office send the stolen laptops and write motor vehicles. These assets are waiting for the Council approval the cost of assets are R712 500,60

Expenditure incurred to repair and maintain Property, Plant and Equipment

Sanitation and water supply	R -
Buildings	4 137 797
Vehicles	24 762 428
Other	1 114 097
Total	30 014 322

Pledged as security

No assets pledged as security

Capitalised expenditure (excluding borrowing costs)

Sanitation and Water Supply (Infrastructure)
Community assets
Other assets

Funding Source

Grant funding (MIG, RBIG and WSIG)
Grant funding (MIG)
Grant funding (WSIG)

165 463 764	261 202 171
-	-
-	-
165 463 764	261 202 171

Compensation received for losses on property, plant and equipment - included in operating surplus

Motor vehicles
Office equipment
Computers
Buildings
Other Property ; plant and equipment

238 840	1 717 556
-	-
-	27 455
-	-
-	-
238 840	1 745 011

Reconciliation of work - in - Progress - 2023

Opening balance
Additions/capital expenditure
Transferred to completed items

Included within infrastructure	Included within buildings	Total
1 428 264 871	-	1 428 264 871
160 844 643	-	160 844 643
-	-	-

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Transfer out	763 741	763 741
	-	-
	1 589 109 514	1 589 109 514
Reconciliation of work - in - Progress - 2022		
	Included within infrastructure	Included within buildings
		Total
Opening balance	1311084342	-
Additions/capital expenditure	261399830	261 399 830
Transfer out	(136 261 491)	(136 261 491)
Correction of prior period errors	(7 957 810)	(7 957 810)
	1 428 264 871	1 428 264 871

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the register.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R

5. Intangible assets

	2023			2022		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, licences	62 831 658	(62 517 924)	313 734	62 831 658	(62 204 235)	627 423

Reconciliation of intangible assets - 2023

	Opening carrying value	Additions	Transfer In/(Out)	Impairment	Work in progress	Amortisation	Closing carrying value
Computer software, licences	627 422	-	-	-	-	(313 689)	313 733

Reconciliation of intangible assets - 2022

	Opening carrying value	Additions	Transfer In/(Out)	Impairment	Work in progress	Amortisation	Closing carrying value
Computer software, licences	941 111	-	-	-	-	(313 689)	627 422

The comparative has 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

	2023			2022		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400 000	-	400 000	400 000	-	400 000

Reconciliation of heritage assets - 2023

	Opening carrying value	Closing carrying value
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

Pledged as security

Carrying value of heritage assets is not pledged as security.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

				2023	Restated 2022
				R	R
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					
Name of Company	Held by	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
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					
Other long term receivables				2 418 760	1 603 760
Non current receivables					
Deposits				2 418 760	1 603 760
Subtotal				2 418 760	1 603 760
Less: Current portion transferred to current receivables				-	-
				2 418 760	1 603 760
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				7 951 000	5 660 000
				7 951 000	5 660 000
Employee benefit obligation provision					
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.					

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023 R	Restated 2022 R
10. Employee benefit obligation		
Defined benefit plan		
Provision for post employment health care benefits	142 780 000	148 218 000
Provision of ex-gratia benefits	14 040	14 890
Provision for long service benefits	38 599 000	39 682 000
	181 393 040	187 914 890
Statement of Financial Performance		
Current service cost	12 915 000	13 000 000
Interest cost	21 891 160	17 675 030
Benefits paid	(10 272 960)	(7 794 277)
Actuarial gain recognised	(28 765 980)	(12 184 664)
Actuarial loss recognised	1 930	1 241
	(4 230 850)	10 697 330
Post retirement medical aid plan		
The Post Employment Health Care plan, of which members are made up as follows		
In service (employee) members	1 168	1 217
Continuation (retiree, widow/er and orphan) members	107	109
In service (employee) non- members	196	181
	1 471	1 507
The unfunded liability in respect of past services has been estimated to be as follows:		
In service (employee) members	95 002 000	97 688 000
Continuation (retiree, widow/er and orphan) members	43 573 000	46 330 000
In service (employee) non- members	4 205 000	4 200 000
	142 780 000	148 218 000
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	1 364	1 398
Number of in-service members	1 168	1 217
Average Age	45,8	44,9
Average Past Service	12,6	11,6
Average current value of post-employment subsidy p.m.	R3 095	R2 911
Number of in-service non-members	196	181
Average Age	47	47,4
Average Past Service	13,2	13,3
Average current value of post-employment subsidy p.m.	R3 386	R3 066
Comparison of Continuation membership		
Continuation Members		
Number of principal members	109	109
Proportion with a spouse dependant	39%	39%
Average Age	73,1	72,7
Average subsidy per month	R3 622	R3 449
Reconciliation of assets and liabilities recognised in the balance sheet		
Present value of fund obligations	142 780 000	148 218 000
Fair value on plan assets	-	-
	142 780 000	148 218 000
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.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	148 218 000	137 149 000
Current service costs	8 650 000	8 597 000
Expected benefits paid	(4 545 000)	(4 402 871)
Interest cost	17 287 000	13 858 000
Past service costs	-	-
Actuarial gain /losses	(26 830 000)	(6 983 129)
Present value of fund obligation at the end of the year	142 780 000	148 218 000
Total unfunded liability		
Reason for the movement in Liability		
The total liability has decreased by 4% (or R5,438 million) since the last valuation. The main reasons for the actual movement in the liability as a result of the following:		
The average in-service member liability has increased by 1% 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 total in-service member liability has decreased by 3% due to the above being more than offset by a decrease in the number of in-service members.		
The average in-service non-member liability has decreased by 8% since the last valuation due to		
• a decrease in the average age; • a decrease in the average past service; and • increase in the net discount rates		
Actuarial Gains and Losses		
Actuarial (gain)/loss for the period	(26 830 000)	(6 983 129)
Contributions to actuarial loss		
Basis changes: in net discount rate	(21 602 000)	(4 122 000)
Subsidy increases lower than assumed	(2 043 000)	(2 541 000)
Contributions increases higher than assumed	-	-
Changes to membership profile different from assumed	(3 185 000)	(719 000)
Actual benefits vesting, greater than expected	-	398 871

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Net liability in the Statement of Financial Position		
Opening balance	148 218 000	137 149 000
Current service cost	8 650 000	8 597 000
Interest cost	17 287 000	13 858 000
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial (gain)/losses	(26 830 000)	(6 983 129)
Past service cost	-	-
Net periodic cost recognised in surplus and deficit	(893 000)	15 471 871
Expected employee benefit payments	(4 545 000)	(4 402 871)
Transitional liability recognised outside surplus and deficit	-	-
Closing balance	142 780 000	148 218 000
Current portion of liability (due in next 12 months)	4 673 000	4 545 000
Non- current portion of liability	138 107 000	143 673 000
Closing balance	142 780 000	148 218 000

Reconciliation of affair 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

-	-
-	-
-	-
-	-
-	-
-	-

History of liabilities and assets

The amounts for the current and the previous four periods were as follows:

Post employment medical aid obligation

Plan assets

Surplus/(deficit)

2 023	2 022	2 021	2 020	2 019
142 780 000	148 218 000	137 149 000	113 612 000	130 179 042
-	-	-	-	-
(142 780 000)	(148 218 000)	(137 149 000)	(113 612 000)	(130 179 042)

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)

Assets gain/(loss)

2 023	2 022	2 021	2 020	2 019
5 228 000	(2 861 000)	(4 276 000)	(6 907 000)	(6 455 000)
-	-	-	-	-

Trend information

Present value of obligation

Fair value of plan assets

2024	2023	2022
163 268 000	142 780 000	148 218 000
-	-	-
163 268 000	142 780 000	148 218 000

Sensitivity results

Results of the sensitivity analysis on the Accrued Liability (R millions)

Assumption

Central Assumptions

Health care inflation rate

Discount rate

Post-employment morality

Average retirement age

Continuation of membership at retirement

Change	Eligible Employees	Continuation members	Total	Percentage change
	99 207	43 573	142 780	
+1%	107 568	45 259	152 827	7%
-1%	88 191	41 578	129 769	-9%
+1%	84 337	40 514	124 851	-13%
-1%	117 937	47 117	165 054	16%
+1 yr	97 162	42 230	139 392	-2%
-1 yr	101 197	44 914	146 111	2%
-1 yr	109 500	43 573	153 073	7%
-10%	85 889	43 573	129 462	-9%

The table above indicates for example that if medical inflation is 1% point 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

Central Assumptions

Healthcare inflation rate

Discount rate

Post-retirement mortality

Average retirement age

Change	Current - Service Cost	Interest Cost	Total	% change
	8 650 000	17 287 000	25 937 000	
+1%	9 396 000	18 533 000	27 929 000	8%
-1%	7 606 000	15 629 000	23 235 000	-10%
+1%	7 230 000	16 188 000	23 418 000	-10%
-1%	10 469 000	18 545 000	29 014 000	12%
+1 yr	8 457 000	16 840 000	25 297 000	-2%
-1 yr	8 838 000	17 729 000	26 567 000	2%
-1 yr	9 266 000	18 525 000	27 791 000	7%

Notes to the annual Financial Statements

	2023				Restated 2022
	R				R
Continuation of membership at retirement	-10%	7 504 000	15 678 000	23 182 000	-11%
Assumption	Value p.a.				Value p.a.
Discount rate	12,53%				11,84%
Health care cost inflation rate	8,14%				8,45%
Net discount rate - health care cost inflation	4,06%				3,13%
Maximum subsidy inflation rate	5,73%				5,96%
Net of Maximum subsidy inflation discount rate	6,43%				5,55%
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				
Mortality post employment	60%				
Proportion with a spouse dependant at retirement	70%				
Continuation of membership at retirement	15%				
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement					
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%

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R

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 .

Defined contribution (DC) Multi - employer plans

	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 BD 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

	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
GEPF	26	1 281 823	950 256	31/03/2018	108.30%

Key Assumptions

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

			2023	Restated 2022
			R	R
	Net pre-ret discount rate	Salary Inflation	Net post - ret discount rate	
GEPF	3,44%	9,30%	5,53%	

Further information for the plan follows below:

GEPF (Government Employees Pension Fund)

The funding level of the GEPF, 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 GEPF 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.

Provision for ex - gratia benefits

Eligible employees

Number of pensioners

Average annual pension

Average age

Male	Total
2	2
R1 968	R1 968
91,4	91,4

Reconciliation of assets and liabilities recognised in the balance sheet

Total value of liabilities

Value of assets

Unfunded accrued liability

Unfunded accrued liability

Unrecognised actuarial gain

Unrecognised past service cost

Net liability in the Statement of Financial Position

Total unfunded liability

Average liability per retiree

14 040	14 890
-	-
14 040	14 890
14 040	14 890
-	-
-	-
14 040	14 890
14 040	14 890
7 020	7 445

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.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022			
	R	R			
Analysis of the unexpected movement in the liability					
Actuarial gain for the period	1 930	1 241			
Contributions to actuarial loss :					
Basis changes : increase in net discount rate	(330)	(1 070)			
Application of post-employment morality improvement	-	-			
Changes to membership profile different from assumed	1 860	1 930			
Actual benefits vested, greater than expected	400	381			
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	14 890	16 560			
Current service costs	-	-			
Interest Cost	1 160	1 030			
Actuarial (gain)/losses	1 930	1 241			
Expected benefit payments	(3 940)	(3 941)			
	14 040	14 890			
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					
	2024	2023	2022		
Present value of obligations	11 690	14 040	14 890		
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:					
	2023	2022	2021	2020	2 019
Ex gratia obligation	14 040	14 890	16 560	40 936	89 211
Plan assets	-	-	-	-	-
Surplus/(deficit)	(14 040)	(14 890)	(16 560)	(40 936)	(89 211)
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:					
	2023	2022	2021	2020	2019
Liabilities gain/(loss)	2 260	2 311	(19 372)	(47 498)	8 336
Assets gain/(loss)	-	-	-	-	-
Current service costs and interest costs					
Total cost				1 160	1 030

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.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Net liability in the Statement of Financial Position		
Opening balance	14 890	16 560
Current service cost	-	-
Interest cost	1 160	1 030
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial (gain)/losses	1 930	1 241
Net periodic cost recognised in surplus and deficit	3 090	2 271
Expected employee benefit payments	(3 940)	(3 941)
Transitional liability recognised outside surplus and deficit	-	-
Closing balance	14 040	14 890
Current portion of liability (due in the next 12 months)	3 520	3 540
Non-current portion of liability	10 520	11 350

Sensitivity analysis on the unfunded accrued liability

Assumption

Long term discount rate

Central assumptions

Discount rate

Post-retirement mortality

Change	Total Liability	% Change
	14 040	
+1%	13 570	-3%
-1%	14 530	3%
+1 yr	13 460	-4%
-1 yr	14 620	4%

Assumption

Interest cost

Central assumptions

Discount rate

Post-retirement mortality

Change	Interest cost	% Change
	1 160	
+1%	1 240	7%
-1%	1 070	-8%
+1 yr	1 100	-5%
-1 yr	1 210	4%

Key actuarial assumptions used

Assumption

Discount Rate

Pension inflation rate

Net discount rate

Mortality in retirement

Value p.a

9,46%

0,00%

9,46%

PA(90)-1

Value p.a

8,80%

0,00%

8,80%

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 2023.

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

Average annual salary

Average age

Average past service

1 364

305 316

46

12,7

1 398

285 091

45,2

11,8

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

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
	20	
	25, 30, 35, 40, 45	
	10,8%	(15 /260 + 5%) x quarter salary
	11,8%	(15 /260 + 6%) x 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 1/260th of annual earnings per day. The Municipality indicated that employees'basic salaries, referred to as "earnings" in this report, are used to determine the Rand Value of Long Service Award (LSA). In addition the 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 retirement gift, since the majority retire before age 65. The value of the retirement gift are as follows : R 1 730 for employees with under twelve years of total service at retirement R3 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	4 265 000	4 403 000
Interest cost	4 603 000	3 816 000
(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	45 342 000	45 712 000
Current service cost	4 265 000	4 403 000
Interest cost	4 603 000	3 816 000
Benefit vesting's	(5 724 020)	(3 387 465)
Total quarter expense	3 143 980	4 831 535
Actuarial loss / (Gain)	(1 935 980)	(5 201 535)
Closing Accrued Liability	46 550 000	45 342 000
Reconciliation of assets and liabilities recognised in the Statement of Financial Position		
Present value of fund accrued liability	46 550 000	45 342 000
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	45 342 000
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	45 342 000	45 712 000
Current service cost	4 265 000	4 403 000
Interest cost	4 603 000	3 816 000
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial gains recognised in surplus and deficit	(1 935 980)	(5 201 535)
Past service cost	-	-
Effect of Curtailment / Settlement	-	-
Miscellaneous Item	-	-
Net Periodic Cost Recognised in profit and loss	-	-
Expected employer benefit vesting's	(5 724 020)	(3 387 465)
	46 550 000	45 342 000
Current portion of liability (due in the next 12 months) refer to Note 9	7 951 000	5 660 000
Non - current portion of the liability	38 599 000	39 682 000
Reconciliation of present value of accrued liability:		
Present value of accrued liability at the beginning of the year	45 342 000	45 712 000
Current service costs	4 265 000	4 403 000
Interest cost	4 603 000	3 816 000
Expected return on plan assets	-	-
Actuarial (gain)/losses	(1 935 980)	(5 201 535)
Expected employee benefit vesting's	(5 724 020)	(3 387 465)

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Closing balance	46 550 000	45 342 000
Total unfunded liability	46 550 000	45 342 000
Average liability per member	34 128	32 433
Reconciliation of affair value of plans assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employee	-	-
Past service costs	-	-
Actuarial gains/(losses)	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Trend Information

	2024	2023	2022
Present value of obligations	47 244 000	46 550 000	45 342 000
Fair value of plan assets	-	-	-
	47 244 000	46 550 000	45 342 000

History of liabilities and assets

The amounts for the current and the previous four periods were as follows:

	2023	2022	2021	2020	2019
Long service obligation	46 550 000	45 342 000	45 712 000	43 221 000	44 643 505
Plan assets	-	-	-	-	-
Surplus/(deficit)	(46 550 000)	(45 342 000)	(45 712 000)	(43 221 000)	(44 643 505)

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:

	2023	2022	2021	2020	2019
Liabilities gain/(loss)	582 020	(4 244 535)	536 373	(2 247 535)	(3 028 704)
Assets gain/(loss)	-	-	-	-	-

Actuarial (gain)/loss for the period

Contribution to the actuarial loss:

Increase in net discount rate	(2 518 000)	(957 000)
Increases in assumed average retirement age	-	-
Application of revised withdrawal rates	-	-
Earnings increases (lower)/higher than assumed	(226 000)	(2 235 000)
Changes to employee profile different from assumed	744 000	354 000
Actual benefits vesting, lower than expected	64 020	(2 363 535)

Key actuarial assumptions used

Financial assumptions

Discount rate	10,92%	10,81%
General salary inflation (long -term)	6,39%	7,33%
Net effective discount rate	4,26%	3,24%

Demographic Assumptions

Average retirement age
Mortality during employment

Withdrawal form service (sample annual rates)

62
SAB5 -90

Age	Rate	
	Female	Male
20	9%	9%
30	6%	6%
40	5%	5%
50	3%	3%
55	0%	0%

Sensitivity analysis assumption Accrued liability (R millions)

Assumption

Central assumptions

General salary inflation rate

Discount rate

Average retirement age

Withdrawal rates

Change	Liability	% Change
	46 550 000	
+1%	48 926 000	5%
-1%	44 366 000	-5%
+1%	44 299 000	-5%
-1%	49 036 000	5%
+2 yrs	50 417 000	8%
-2 yrs	42 486 000	-9%
x2	38 649 000	-17%

Notes to the annual Financial Statements

				2023	Restated 2022
				R	R
	x0,5	51 681 000	11%		

The table above indicates, for example, that if earning inflation is 1% point greater than the long-term assumption made, the liability will be 5% higher.

Sensitivity analysis on current service and interest costs

Assumption	Change	Current service costs	Interest cost	Total	% Change
Central assumptions		4 265 000	4 603 000	8 868 000	
General earnings inflation rate	+1%	4 526 000	4 874 000	9 400 000	6%
	-1%	4 028 000	4 355 000	8 383 000	-6%
Discount rate	+1%	4 055 000	4 747 000	8 802 000	-1%
	-1%	4 499 000	4 437 000	8 936 000	1%
Average retirement age	+2 yrs	4 586 000	5 007 000	9 593 000	8%
	-2 yrs	3 918 000	4 185 000	8 103 000	-9%
Withdrawal rates	x2	3 352 000	3 681 000	7 033 000	-21%
	x0,5	4 883 000	5 213 000	10 096 000	14%

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022	
	R	R	
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 expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.			
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.			
11. Non - current provisions			
Rehabilitation provision - landfill site	14 043 444	10 914 865	
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:			
Opening balance	10 914 865	10 345 844	
Increase in the estimate	3 128 578	569 021	
Closing balance	14 043 443	10 914 865	
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 2032.			
12. Inventories			
Housing projects	1 306	1 664	
Consumable stores	7 064	7 064	
Water	3 523 852	1 795 968	
VIP toilets	6 732 012	23 477 850	
	10 264 233	25 282 546	
The comparative figure for inventories has been restated. Refer to Note 45.			
Housing projects			
The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance.			
A stock count of inventory on hand was conducted at year end and these quantities have been costed.			
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.			
Write down of inventory			
Raw materials of R358 (2022:Rnil) on site for the housing projects were found to be damaged and were not suitable for construction.			
No inventory pledged as a security.			
13. Receivables from exchange transactions			
Consumer receivables	323 220 914	210 147 568	
Other receivables	2 250 160	2 463 172	
	325 471 074	212 610 740	
Consumer receivables			
Balance as at 30 June 2023			
	Gross balances	Allowance for impairment	Net balance
Water	748 093 021	(510 968 307)	237 124 714
Sanitation	310 023 678	(225 139 819)	84 883 859
Other	14 168 536	(12 956 194)	1 212 342
	1 072 285 235	(749 064 320)	323 220 914
Balance as at 30 June 2022			
	Gross balances	Allowance for impairment	Net balance
Water	349 658 780	(200 141 532)	149 517 249
Sanitation	197 264 397	(104 940 975)	92 323 423

Amathole District Municipality

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	2023	Restated 2022
	R	R
Other	7 021 449	(38 714 553)
	553 944 627	(343 797 059)
		210 147 568

Water and sanitation - Gross Debtors ageing

Current (0-30 days)	56 246 074	107 574 915
30 - 60 days	81 040 068	46 870 080
60 - 90 days	53 533 364	43 704 294
90 - 120 days	68 573 420	35 945 345
120 - 330 days	50 301 769	67 994 854
330+ days	762 590 540	251 855 139
	1 072 285 235	553 944 627

Summary of debtors by customer classification - 30 June 2023

	Domestic	Industrial / Commercial	National and Provincial Government	Total
Current (0-30 days)				-
30 - 60 days	45 559 320	2 249 843	8 436 911	56 246 074
60 - 90 days	65 642 455	3 241 603	12 156 010	81 040 068
90 - 120 days	43 362 025	2 141 335	8 030 005	53 533 365
120 - 330 days	55 544 470	2 742 937	10 286 013	68 573 420
330+ days	40 744 433	2 012 071	7 545 265	50 301 769
Subtotal	624 597 930	29 051 076	108 941 534	309 694 696
Less: Allowance for impairment	875 450 633	41 438 865	155 395 738	1 072 285 236
	(606 742 099)	(29 962 573)	(112 359 648)	(749 064 320)
	268 708 534	11 476 292	43 036 090	323 220 914

Summary of debtors by customer classification - 30 June 2022

	Domestic	Industrial / Commercial	National and Provincial Government	Total
Current (0-30 days)	81 784 341	8 036 435	17 754 140	107 574 915
30 - 60 days	37 461 187	3 539 489	5 869 403	46 870 080
60 - 90 days	37 828 199	2 225 277	3 650 818	43 704 294
90 - 120 days	28 522 934	3 183 994	4 238 417	35 945 345
120 - 330 days	56 040 368	3 798 057	8 156 430	67 994 854
330+ days	200 615 342	(2 179 103)	53 418 901	251 855 139
Subtotal	442 252 370	18 604 149	93 088 109	553 944 627
Less: Allowance for impairment	(302 541 412)	(17 189 853)	(24 065 794)	(343 797 059)
	139 710 958	1 414 296	69 022 314	210 147 568

Credit quality of trade and other receivables

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

Trade receivables

Counterparties without external credit rating

A - Government	14	33
B - Businesses	3	1
C - Domestic and other	83	66
	100	100

- A - The debtors are of good credit quality and default in payment is not expected.
B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time.
C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Method of determining credit quality of trade and other receivables from exchange transaction

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. Consumer debtors with a demonstrative ability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief. The municipality has determined the above credit ratings internally through the consideration of previous payment trends per debtor type. Interest is raised at prime on overdue accounts.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

1 month past due	48 624 041	64 544 949
2 months past due	10 706 673	9 374 016
3 months past due	13 714 684	8 740 859
4 months past due	10 060 354	7 189 069
greater than 4 months	240 115 163	120 298 675

Amathole District Municipality

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Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Trade and other receivables impaired		
The amount of the provision was R749 064 320 as of 30 June 2023 (R343 797 059 as of 30 June 2022).		
The ageing of these is as follows:		
1 to 3 months	22 498 429	43 029 966
3 to 6 months	32 416 027	18 748 032
6 to 9 months	42 826 691	34 963 435
more than 9 months past due	651 323 172	247 055 626
Reconciliation of provision for impairment of trade and other receivables including other receivables		
Opening balance	343 797 060	580 896 626
Provision for impairment	405 267 260	473 003 000
Amounts written off as uncollectable	-	(1 626 142 171)
Amounts reversed during the year	-	916 039 605
Closing balance	749 064 320	343 797 060
The estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the consumer debtor is impaired.		
Other receivables from exchange transactions		
FICA: Property Rental	336 979	107 603
Staff recovery	94 718	128 933
Accrued interest (debtor)	-	1 318 520
Salary control account	1 810 805	908 116
Bank suspense account	7 658	-
	2 250 160	2 463 172
Other receivables includes amounts relating to debt owed be lessees from the rental of municipal property.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023 R	Restated 2022 R
14. Receivables from non - exchange transactions		
Total other debtors	26 543 185	49 016 447
Receivables from non - exchange transactions		
Sundry receivables	3 522 373	2 406 931
Debtor: Department of Water and Sanitation - RBIG	-	30 447 057
Returned payments	26 365 370	16 162 460
Less: Allowance for doubtful debts	(3 344 558)	-
	26 543 185	49 016 447
The comparative figure has been reclassified refer Note 44.		
Debtor: Department of Water and Sanitation - RBIG		
Invoices to the value of R30 447 057 were received for work performed during the prior year. These invoices were funded from the RBIG grant, however the funds were only transferred during July 2022 of the current financial year.		
In determining the recoverability of other receivables, the municipality considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.		
The fair value of other receivables approximates their carrying amounts.		
Receivables from non - exchange transactions past due but not impaired		
Other receivables from non - exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2023, Rnil (2022: Rnil) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows		
3 months past due	26 543 185	49 016 447
Receivables from non - exchange transactions impaired		
The amount of the provision was R3 344 558 as at 30 June 2023 (2022: Rnil)		
	3 344 558	-
Reconciliation of provision for impairment of receivables from non - exchange transaction		
Opening balance	-	2 147 570
Provision for impairment	3 344 558	18 698 848
Amounts written off as uncollectible	-	(20 846 418)
	3 344 558	-
15. Current Investment		
Current Investment	7 434 597	7 137 129
The above fixed deposit accounts have been classified as financial assets at amortised cost in accordance with GRAP 104: Financial Instruments.		
Maturity period is fixed with 12 months remaining. The maturity date of R3 million is July 2023, R2 million February 2024 and R2 million December 2023.		
16. Cash and cash equivalents		
Cash on hand	9 000	9 000
Bank balances (current accounts)	354 119 338	188 896 583
Short - deposits (call accounts)	31 289 834	29 769 428
	385 418 172	218 675 011
An amount of R289 143 928 (2022: R120 876 258) of the unspent conditional grants is included in cash and cash equivalents. Investments of R29 million have been included as short term deposits as this investment has been invested for less than three months .		

Amathole District Municipality

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Notes to the annual Financial Statements

						2023	Restated 2022
						R	R
The municipality had the following bank accounts							
Account number / description	30 June 2023	Bank statement balances 30 June 2022	30 June 2021	30 June 2023	Cash book balances 30 June 2022	30 June 2021	
ABSA BANK Account no - 406-309-3498	3 956 819	340 184	42 256	3 956 819	340 184	42 256	
Standard Bank Account no - 081-109-3454	1 798 767	2 433 572	4 027 009	1 798 767	2 433 572	4 027 009	
Nedbank Account no - 1219684260 (Primary bank account)	5 851 163	130 503 477	-	5 851 163	130 503 477	-	
Standard 443818 MIG	-	-	4 568 186	-	-	4 568 186	
Standard Bank 516890 ES	-	-	-	-	-	-	
BANK:ES 1714026 NED	4 443 149	-	-	4 443 149	18 159 643	-	
Standard Bank 523534	-	-	21 709 465	-	-	21 709 465	
Standard Bank 521402	-	-	19 004 762	-	-	19 004 762	
Standard Bank 499334	-	-	-	-	-	-	
Standard Bank 525638 RBIG	-	-	-	-	-	-	
Standard Bank: 539906	-	-	203 000	-	-	203 000	
Standard Bank - Call 532750	-	-	4 813 057	-	-	4 813 057	
Standard Bank - Call 541677	-	-	539 951	-	-	539 951	
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	269 071 544	-	-	269 071 544	-	-	
WSIG::1170832 NED	5 954 490	-	-	5 954 490	-	-	
RBIG::1170824 NED	6 215 922	-	-	6 215 922	-	-	
INTEREST:1170735 NED	27 894 974	6 959 505	-	27 053 321	6 117 851	-	
EPWP ..1170794 NED	25 623	-	-	25 623	-	-	
COVID-19:1170751 NED	396 386	396 386	-	396 386	396 386	-	
BANK:OTHER 03/788 1170743	3 449 969	8 248 302	-	3 449 969	8 248 302	-	
Bank RRAMS 1170816	148 379	-	-	148 379	-	-	
Bank FMG 1170808 NED	740 629	-	-	740 629	-	-	
Bank:LED SUMMIT NED 03/7881170778	203 000	203 000	-	203 000	203 000	-	
Bank : Ned 03/7881170786	24 810 175	22 494 167	-	24 810 175	22 494 167	-	
Investec Bank	22 741 494	19 532 115	18 773 462	20 569 500	19 532 122	18 773 462	
ABSA Bank 2080249238 and 2065585419	10 720 334	10 237 306	10 000 000	10 720 334	10 237 306	10 000 000	
Petty cash and cash floats	9 000	9 000	9 000	9 000	9 000	9 000	
Total	388 431 818	201 357 014	84 580 828	385 418 172	218 675 011	84 580 828	

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

The bank balances in the table above include an amount of R2 172 000 that is disclosed as part of the current investments in Note 15

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

17. Finance lease obligation

Minimum lease payment due

within one year

in second to fifth year inclusive

Less: future finance charges

Present value of minimum lease payments

Present value of minimum lease payments

within one year

in second to fifth year inclusive

Current liabilities

Non - current liabilities

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.

No leases have been classified as finance leases, in accordance with GRAP 13, in the current year.

18. Unspent conditional grants and receipts comprise of :

Total Unspent conditional grants and receipts

National government grants

272 456 632 120 876 257

245 824 088 94 438 424

Amathole District Municipality

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Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Provincial government grants	26 433 523	26 433 523
Other grant providers	199 022	4 311
	272 456 632	120 876 257
Movement during the year		
Balance at the beginning of the year	120 876 257	35 641 906
Additions during the year	512 678 817	657 602 271
Income recognition during the year	(269 116 898)	(572 112 932)
Roll-overs returned	(91 981 544)	(254 988)
Balance at the end of the year	272 456 632	120 876 257

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

18.1 Unspent capital monetary allocations

	2022/2023					
	Opening Balance	Funds Received	Reversal of Accrued Income	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS						
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	50 471 669	38 000 000	-	(37 550 388)	(50 471 669)	449 612
MUNICIPAL DISASTER RELIEF GRANT (MDRG)	-	-	-	-	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)	-	67 890 752	(30 447 057)	(34 822 762)	-	2 620 933
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	40 430 885	395 540 000	-	(155 243 341)	(40 430 885)	240 296 659
TOTAL UNSPENT CAPITAL MONETARY ALLOCATIONS	90 902 554	501 430 752	(30 447 057)	(227 616 491)	(90 902 554)	243 367 204

	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	

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

2023
R

Restated
2022
R

18.2 Unspent operational monetary allocations

	2022/2023				
	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)	-	4 999 000	(4 999 000)	-	-
ROAD ASSET MANAGEMENT SYSTEM (RRAMS)	1 078 990	3 144 000	(3 143 996)	(1 078 990)	4
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	3 535 870	9 343 000	(9 342 996)	(1 078 990)	2 456 884
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
WILLOWVALE	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 KEI PLANNING FUNDS	4 029	-	-	-	4 029
MNQUMA PLANNING FUNDS	110 000	-	-	-	110 000
NGQUSHWA PLANNING FUNDS	46 667	-	-	-	46 667
NKONKOBÉ PLANNING FUNDS	53 063	-	-	-	53 063
MINQUMA 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
DONGWE ENGINEERING DESIGN	9 499	-	-	-	9 499
KUBUSIE ESTABLISHMENT GRANT	698	-	-	-	698
NDLOVINI ESTABLISHMENT GRANT	8 986	-	-	-	8 986
DUCATS ESTABLISHMENT GRANT	70 542	-	-	-	70 542
MACLEANTOWN 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	66 222	-	-	-	66 222
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	23 234	-	-	-	23 234
KUBUSI 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
RESTITUTION AWARD (DLA)	3 697 062	-	-	-	3 697 062
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	3 215	-	-	-	3 215
ENVIRONMENTAL IMPACT ASSESMENT	739 235	-	-	-	739 235
GEO HYDROLOGY	1 394 200	-	-	-	1 394 200
BAWA FALLS LED	102 936	-	-	-	102 936
ELLIOTDALE BRICK MAKING	232 803	-	-	-	232 803
EC INFORMATION INITIATIVE SUPPORT	5 755	-	-	-	5 755
ECDOT: BUTTERWORTH INTERCHANGE	1 506 964	-	-	-	1 506 964
ROOF TOP RAIN WATER HARVESTING	3 900	-	-	-	3 900
NGQUSI RAIN WATER HARVESTING	5 700	-	-	-	5 700
SILWINDLALA WOMEN'S PROJECT	2 303	-	-	-	2 303
BALFOUR SAWMILLS	8 019	-	-	-	8 019
HIGHLANDS RESORTS	75 836	-	-	-	75 836

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						2023 R	Restated 2022 R
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	
DWESA - CWEBE RESTITUTIONAL	5 308 303	-	-	-	-	5 308 303	
CO-OPERATIVES SPECIALIST	22 280	-	-	-	-	22 280	
TOURISM SURVEY	12 130	-	-	-	-	12 130	
NXUBA 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	
MNQUMA WAR ON LEAKS	(296 703)	-	-	-	-	(296 703)	
SHIXINI WATER SUPPLY	6 487	-	-	-	-	6 487	
WATER SERVICE SUPPORT	562 068	-	-	-	-	562 068	
COMMUNAL WATER STATIONS (DST/ CSIR)	309 585	-	-	-	-	309 585	
FREE BASIC SERVICES STRATEGY DEVELOPMENT	330 000	-	-	-	-	330 000	
TOTAL PROVINCIAL GRANTS	26 433 523	-	-	-	-	26 433 523	
OTHER GRANT PROVIDERS							
LG SETA Grants	(1)	1 905 065	(1 710 355)	-	-	194 709	
PLOUGHING CONTRACTORS-WARD 10	1 155	-	-	-	-	1 155	
PLOUGHING CONTRACTOR-NGXAKAXA	1 642	-	-	-	-	1 642	
PLOUGHING CONTRACTOR - Ward 15	1 513	-	-	-	-	1 513	
TOTAL OTHER GRANT PROVIDERS	4 309	1 905 065	(1 710 355)	-	-	199 021	
TOTAL UNSPENT OPERATIONAL MONETARY ALLOCATIONS	29 973 703	11 248 065	(11 053 351)	(1 078 990)	(1 078 990)	29 089 429	

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Restated
2023
R

2022
R

	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
WILLOWVALE	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 KEI PLANNING FUNDS	4 029	-	-	-	4 029
MNQUMA PLANNING FUNDS	110 000	-	-	-	110 000
NGQUSHWA PLANNING FUNDS	46 667	-	-	-	46 667
NKONKOBÉ PLANNING FUNDS	53 063	-	-	-	53 063
MNQUMA 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
DONGWE ENGINEERING DESIGN	9 499	-	-	-	9 499
KUBUSIE ESTABLISHMENT GRANT	698	-	-	-	698
NDLOVINI ESTABLISHMENT GRANT	8 986	-	-	-	8 986
DUCATS ESTABLISHMENT GRANT	70 542	-	-	-	70 542
MACLEANTOWN 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	66 222	-	-	-	66 222
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	23 234	-	-	-	23 234
KUBUSI TOP STRUCTURE	3 816	-	-	-	3 816
LILYVALE KAYERS BEACH ESTABLISHMENT GRANT	2 643	-	-	-	2 643
KAYERS BEACH HOUSING PROJECT	18 881	-	-	-	18 881
LILYVALE ENG DESIGNS	5 940	-	-	-	5 940
RESTITUTION AWARD (DLA)	3 697 062	-	-	-	3 697 062
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	3 215	-	-	-	3 215
ENVIRONMENTAL IMPACT ASSESSMENT	739 235	-	-	-	739 235
GEO HYDROLOGY	1 394 200	-	-	-	1 394 200
BAWA FALLS LED	102 936	-	-	-	102 936
ELLIOTDALE BRICK MAKING	232 803	-	-	-	232 803
EC INFORMATION INITIATIVE SUPPORT	5 755	-	-	-	5 755
ECDOT: BUTTERWORTH INTERCHANGE	1 506 964	-	-	-	1 506 964
ROOF TOP RAIN WATER HARVESTING	3 900	-	-	-	3 900
NGQUSI RAIN WATER HARVESTING	5 700	-	-	-	5 700
SILWINDLALA 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

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

						2023 R	Restated 2022 R
LED CAPACITY BUILDING - NGQUSHWA	350 000	-	-	-	-	350 000	
CHATHA DEVELOPMENT	2 413 456	-	-	-	-	2 413 456	
FINGOLAND REGIONAL AUTHORITY	101 278	-	-	-	-	101 278	
DWESA - CWEBE RESTITUTIONAL	5 308 303	-	-	-	-	5 308 303	
CO-OPERATIVES SPECIALIST	22 280	-	-	-	-	22 280	
TOURISM SURVEY	12 130	-	-	-	-	12 130	
NXUBA 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	
MINQUA WAR ON LEAKS	(296 703)	-	-	-	-	(296 703)	
SHIXINI WATER SUPPLY	6 487	-	-	-	-	6 487	
WATER SERVICE SUPPORT	562 068	-	-	-	-	562 068	
COMMUNAL WATER STATIONS (DST/ CSIR)	309 585	-	-	-	-	309 585	
FREE BASIC SERVICES STRATEGY DEVELOPMENT	330 000	-	-	-	-	330 000	
TOTAL PROVINCIAL GRANTS	26 433 523	-	-	-	-	26 433 523	
OTHER GRANT PROVIDERS							
LG SETA Grants	5 286	1 659 535	(1 664 822)	-	-	(1)	
PLOUGHING CONTRACTORS-WARD 10	1 155	-	-	-	-	1 155	
PLOUGHING CONTRACTOR-NGXAKAXA	1 642	-	-	-	-	1 642	
PLOUGHING CONTRACTOR - Ward 15	1 513	-	-	-	-	1 513	
TOTAL OTHER GRANT PROVIDERS	9 596	1 659 535	(1 664 822)	-	-	4 309	
TOTAL UNSPENT OPERATIONAL MONETARY ALLOCATIONS	29 154 988	9 722 535	(8 648 832)	(254 988)	(254 988)	29 973 703	

19. Other payables from non exchange transaction

Med Aid Retirement contribution
Pension- retirement

9 299 328	7 737 158
-	68 062
9 299 328	7 805 220

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R

20. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	7 143 983	483 281	-	-	7 627 263
Leave provision	143 221 575	-	-	(66 348 311)	76 873 264
Provision for Workman's Compensation	3 080 855	-	-	-	3 080 855
	153 446 412	483 281	-	(66 348 311)	87 581 382

Reconciliation of provisions - 2022

	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

Performance bonuses

The uncertainties noted for the provision for Performance Bonus are as follows: Performance bonuses are paid one year in arrear 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 2022/23 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.

Provision for leave

The obligation for leave pay is certain, on the basis that the municipality does not have an unconditional right to avoid settlement. The timing for the leave provision is however uncertain.

Provision for Workman's Compensation

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.

21. Payables from exchange transactions

Trade payables	480 015 198	399 736 828
Other payables	23 735 549	27 601 624
Accruals	31 031 777	69 944 101
Accrued service bonus	14 614 138	14 358 873
Retention payable	26 182 499	32 033 002
	575 579 160	543 674 428

Other payables include:

Debtors with credit balances	15 366 467	17 132 193
Unidentified receipts	6 227 297	4 569 496
Accrued interest	1 291 339	-
Sundry payables	850 446	5 899 935
	23 735 549	27 601 624

The comparative figure has been restated, refer **Note 45**.

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.

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
The movement on the service bonus accrual balances as above for the year was as follows:		
Accrued service bonus		
Opening balance	14 358 873	14 777 126
Additional provision	255 265	-
Unused amounts reversed	-	(418 253)
Closing balance	14 614 138	14 358 873
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.		
22. Taxes and transfers payable (non - exchange)		
Other payables from non - exchange transactions	-	8 910 768
PAYE, UIF and SDL for the 2022/23 financial year was paid before 30 June 2023.		
23. Consumer deposits		
Water and Sanitation	3 801 256	3 615 344
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	516 068 422	524 320 833
Rental of facilities and equipment	288 875	238 896
Interest earned outstanding receivables	51 381 131	54 007 092
Other income	1 431 289	3 257 899
Interest received - investments	23 992 186	13 551 978
Government grants & subsidies	1 196 733 905	1 511 374 931
Donations received	-	53 680
	1 789 895 808	2 106 805 309
The amount included in revenue arising from exchange of goods or services are as follows:		
Service charges	516 068 422	524 320 833
Rental of facilities and equipment	288 875	238 896
Interest earned outstanding receivables	51 381 131	54 007 092
Other income	1 431 289	3 257 899
Interest received - investments	23 992 186	13 551 978
	593 161 903	595 376 698
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	1 196 733 905	1 511 374 931
	1 196 733 905	1 511 428 611
25. Service charges		
Sale of water	386 077 403	371 633 659
Sewerage and sanitation charges	122 062 593	145 441 810
Other service charges	7 928 425	7 245 365
	516 068 422	524 320 833
Service charges are reflected at an amount net of subsidy to indigents amounting to R19 227 565 (2022 : R20 184 935) for both water and sanitation and discounts of Rnil (2022: R8 626 541) from the incentive scheme.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
26. Rental facilities and equipment		
Facilities and equipment		
Premises and facilities	288 875	238 896
	288 875	238 896
27. Other income		
Commission	911 557	988 225
Sundry income	519 732	2 269 674
	1 431 289	3 257 899
28. Interest received - investment		
Bank	21 437 046	10 845 852
Financial assets	2 555 139	1 864 472
	23 992 186	12 710 324
The comparative amount has been restated. Refer Note 45 .		
29. Government grants and subsidies		
Operating grants		
Other government grants and subsidies	38 880 856	229 725 051
Levy replacement grant	470 031 000	438 275 000
Equitable share	489 296 000	500 987 000
	998 207 856	1 168 987 051
Capital grants		
Water services infrastructure grant (WSIG)	35 708 655	28 022 942
Rural bulk infrastructure grant (RBIG)	33 559 825	105 211 736
Municipal infrastructure grant (MIG)	129 257 569	195 946 201
Municipal Relief Disaster Grant	-	13 207 000
	198 526 049	342 387 880
	1 196 733 905	1 511 374 931
The other operating grants and subsidies include R25 985 772 relating to the operating portion of MIG and R1 841 773 operating portion of WSIG.		
Within the grants and subsidies amounts above, as per Circular 48 ADM has recognised the following amounts as own revenue:		
Other grants	9 902 884	19 345 561
MIG	18 775 083	47 937 163
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	489 296 000	500 987 000
Conditions met - transferred to revenue	(489 296 000)	(500 987 000)
	-	-
Levy grant replacement		
Current year receipts	470 031 000	438 275 000
Conditions met - transferred to revenue	(470 031 000)	(438 275 000)
	-	-
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 2023), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Conditional		
Municipal infrastructure grant (MIG)		
Balance unspent at beginning of year	40 430 885	-
Current year receipts	395 540 000	454 461 000
Conditions met - transferred to revenue	(155 243 341)	(414 030 115)
Unspent amount returned to funder	(40 430 885)	-
	240 296 659	40 430 885
Conditions still to be met - remain liabilities (see note 18)		
The purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households.		
The unspent amount as at 30 June 2022 was returned to National Treasury during November 2022.		
Regional bulk infrastructure (RBIG)		
Balance unspent at beginning of year	(1)	(1)
Current year receipts	36 180 757	74 764 680
Other receipts	-	30 447 057
Conditions met - transferred to revenue	(33 559 825)	(105 211 737)
	2 620 932	(1)
Conditions still to be met - remain liabilities (see note 18)		
The grant is intended to develop new, refurbish, upgrade, and replace ageing water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality.		
It also exists to implement bulk infrastructure with a potential of addressing Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Demand Management projects that will directly impact on bulk infrastructure requirements. It is an allocation in kind which means that funds are not deposited in advance, but rather upon submission of claims by ADM to the funder.		
An amount of R30 447 057 was only received during July 2023, this amount related to invoices from the current year. A debtor was recognised for this amount in the prior year, refer Note 14 .		
Expanded public works programme (EPWP)		
Balance unspent at beginning of year	-	-
Current year receipts	4 999 000	3 860 000
Conditions met - transferred to revenue	(4 999 000)	(3 860 000)
	-	-
Conditions still to be met - remain liabilities (see note 18)		
The seeks to incentivise provincial departments to expand work creation efforts through the use of labour-intensive delivery methods in identified focus areas in compliance with the programme's guidelines.		
During the year, the municipality received its draw downs as per the National Treasury indicatives.		
Financial Management (FMG)		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 200 000
Condition met - transferred to revenue	(1 200 000)	(1 200 000)
	-	-
Conditions still to be met - remain liabilities (see note 18)		
The purpose of the FMG grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.		
During the year, the municipality received its draw downs as per the National Treasury indicatives.		
Rural Roads Asset Management Grant (RRAMS)		
Balance unspent at beginning of year	1 078 977	254 975
Current year receipts	3 144 000	3 003 000
Conditions met - transferred to revenue	(3 144 000)	(1 924 010)
Unspent amount returned to funder	(1 078 977)	(254 988)
	(0)	1 078 977
Conditions still to be met - remain liabilities (see note 18)		
The purpose of RRAMS is to assist the district municipalities to set up a Rural Asset Management System and collect data on roads, bridges, and traffic on municipal road networks in line with the South African Road Infrastructure Strategic Framework.		
During the year, the municipality received its draw downs as per the National Treasury indicatives.		
The unspent amount as at 30 June 2022 was returned to National Treasury during November 2022.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Water Services Infrastructure Grant (WSIG)		
Balance unspent at beginning of year	50 471 669	6 486 918
Current year receipts	38 000 000	75 000 000
Conditions met - transferred to revenue	(37 550 388)	(31 015 249)
Unspent amount returned to funder	(50 471 669)	-
	449 612	50 471 669
Conditions still to be met - remain liabilities (see note 18)		
The purpose of WSIG according to DoRA is to facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities; provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing Water Conservation and Water Demand Management projects; support the existing bucket eradication programme intervention in formal residential areas; support drought relief projects in affected municipalities. The unspent amount as at 30 June 2022 was returned to National Treasury during November 2022.		
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: Water		
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)		
L G Seta		
Balance unspent at beginning of year	(1)	5 286
Current year receipts	1 905 065	1 659 535
Conditions met - transferred to revenue	(1 710 355)	(1 664 822)
	194 709	(1)
Conditions still to be met - remain liabilities (see note 18)		
LGSETA Grant provides an environment to facilitate the training and up skilling of various employees and people involved in local government structures, as well as unemployed South Africans.		
Municipal Disaster Grant: COVID		
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		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
30. Employee related costs		
Employee related costs - Salaries and Wages	411 631 890	403 881 228
Bonus	34 006 621	33 977 387
Medical aid - company contributions	45 895 614	46 063 567
UIF	2 984 917	2 933 428
WCA	2 991 088	2 930 113
Leave pay provision charge	(60 760 518)	6 584 534
Contribution: Pension fund	70 973 170	71 622 142
Contribution: Group life	3 559 440	3 521 729
Bargaining council	180 253	177 746
Employee benefit contribution	2 643 970	5 206 964
Travel, motor car, accommodation, subsistence and other allowances	23 325 367	37 251 083
Overtime payments	38 716 872	33 421 660
Car allowance	26 939 144	9 780 972
Housing benefits and allowances	2 476 574	2 891 149
Allowance: cell phone	8 874 139	9 226 424
Allowance: shift	3 682 444	3 527 688
Allowance: Standby, Night and Sunday	15 896 400	14 778 880
Skills development levy	5 903 441	5 751 830
	639 920 825	693 528 525
The comparative figure for employee related costs has been reclassified. Refer to Note 44 .		
The comparative figure for employee related costs has been restated. Refer to Note 45 .		
Amounts expended in respect of retirement benefit plans		
Defined contribution funds	70 973 170	71 622 142
Defined benefits funds	-	-
	70 973 170	71 622 142
In kind benefits for Municipal Manager seconded from CoGTA		-
Remuneration of Municipal Manager: Dr B.J Mthembu		
Remuneration	276 351	-
Contribution to UIF, Bargaining Council and Pension Funds	43 221	-
Housing allowance	38 300	-
Travel allowance	56 286	-
	414 158	-
Dr Mthembu was appointed as Municipal Manager during April 2023.		
Remuneration of Municipal Manager: Dr T.T Mnyimba		
Remuneration	(165 617)	2 398 870
Contribution to UIF and Bargaining Council	(187)	2 164
Leave pay	64 167	-
	(101 637)	2 401 034
The contract of the Municipal Manager expired end of May 2022		
Remuneration of Chief Financial Officer: Mr M.L Mosala		
Remuneration	813 470	1 084 627
Acting allowance	11 247	-
Contribution to UIF, Bargaining Council and Pension Funds	171 631	197 397
Travel allowance	126 000	168 000
Housing allowance	262 013	349 351
Leave pay	285 424	0
	1 669 785	1 799 375
The position of the Chief Financial Officer was vacated on 31 March 2023.		
Remuneration of the Director Engineering: Mr N.M Dungu		
Remuneration	1 079 261	1 079 488
Contribution to UIF and Bargaining Council	2 255	1 898
Travel allowance	300 000	300 000
Acting allowance	3 749	-
Housing allowance	417 950	417 950

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Remuneration of the Director Strategic Management: Mrs A.Tinta	1 803 214	1 799 336
Remuneration	519 070	1 557 211
Contribution to UIF and Bargaining Council	751	2 164
Travel allowance	80 000	240 000
Leave pay	401 699	-
	1 001 521	1 799 375
The contract of the Director Strategic Management expired 31 October 2022.		
Remuneration of the Director Corporate services: Mr K Mrali		
Remuneration	1 393 430	1 129 636
Contribution to UIF, Medical and Pension Funds	203 436	152 763
	1 596 866	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
Contribution to UIF and Pension Funds	-	96 195
Travel allowance	-	49 149
Group Life	-	8 435
Housing allowance	-	45 909
	-	688 651
The Director of Community Services resigned with effect 11 November 2021		
Remuneration of the Director Spatial Planning and Development: Mr S.S Mnweba		
Remuneration	355 347	1 066 041
Contribution to UIF and Pension Funds	76 324	194 051
Car allowance	60 000	180 000
Leave pay	297 812	-
Housing allowance	108 860	359 283
	898 342	1 799 375
The contract of the Director Spatial Planning and Development expired 31 October 2022.		
31. Remuneration of councillors		
Councillors 2023: (47) 2022: (47)	12 918 344	13 130 926
Councillors allowance	1 448 891	1 585 535
	14 367 235	14 716 460
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: A.Ntsangani		
Salary	699 308	-
Cell phone Allowances	36 426	-
3G Allowance	2 687	-
Executive Mayor Ntsangani was sworn in during August 2022	738 421	-
Executive Mayor: K.Maneli		
Salary	-	377 344
Cell phone Allowances	-	17 000
3G Allowance	-	1 459
The term for Executive Mayor KC Maneli came to an end, and a new Executive Mayor was sworn in during December 2021	-	395 803

Amathole District Municipality

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Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Deputy Executive Mayor: N.W Nxawe		
Salary	-	377 344
Cell phone Allowances	-	17 000
3G Allowance	-	1 459
	-	395 803
The term for Deputy Executive Mayor NW Nxawe came to an end during December 2021		
Speaker: O. Mgunculu		
Salary	480 134	-
Cell phone Allowances	18 109	-
3G Allowance	2 896	-
	501 139	-
Councillor Mgunculu was sworn in as Speaker during August 2022		
Speaker: N. Ndikinda		
Salary	-	306 552
Cell phone Allowances	-	17 000
3G Allowance	-	1 459
	-	325 011
Councillor Ndikinda was sworn in as the Executive Mayor during December 2021		
Executive Mayor: N. Ndikinda		
Salary	115 336	607 304
Cell phone Allowances	3 504	23 800
3G Allowance	300	1 855
	119 140	632 959
The Executive Mayor, Councillor Ndikinda was sworn in during December 2021 and resigned as Executive Mayor during August 2022		
Speaker: N.V. Mgidlana		
Salary	92 269	486 141
Cell phone Allowances	3 504	23 800
3G Allowance	300	1 855
	96 073	511 796
The Speaker, Councillor Mgidlana was sworn in during December 2021 and resigned as Speaker during August 2022		
Cllr L.E.V Jacobs		
Salary	-	205 664
Cell phone Allowances	-	14 527
3G Allowance	-	68 555
Travel Allowance	-	1 282
	-	290 028
Councillor Jacobs resigned as a Councillor during December 2021		
Cllr N. Skelenge		
Salary	-	274 219
Cell phone Allowances	-	14 527
3G Allowance	-	1 282
	-	290 028
Councillor Skelenge resigned as a Councillor during December 2021		
Cllr. N.V Mgidlana		
Salary	-	225 205
Cell phone Allowances	-	17 000
3G Allowance	-	63 650
Housing Allowance	-	1 459
	-	307 314
Councillor Mgidlana was sworn in as Speaker during December 2021		

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	2023	Restated 2022
	R	R
Cllr. S.E. Ndwayana		
Salary	-	274 219
Cell phone Allowances	-	14 527
3G Allowance	-	1 282
	-	290 028
Councillor Ndwayana resigned as a Councillor during December 2021		
Cllr. M.M Namba		
Salary	-	274 219
Cell phone Allowances	-	14 527
3G Allowance	-	1 282
	-	290 028
Councillor Namba resigned as a Councillor during December 2021		
Cllr. Z Kabane		
Salary	-	242 683
Cell phone Allowances	-	14 527
Travel Allowance	-	31 710
3G Allowance	-	1 282
	-	290 203
Councillor Kabane resigned as a Councillor during December 2021		
Cllr. N. Rulashe		
Salary	770 146	744 852
Cell phone Allowances	40 904	40 800
3G Allowance	3 196	3 314
	814 246	788 965
Cllr. N. Nyatela		
Salary	366 797	744 852
Cell phone Allowances	29 861	40 800
3G Allowance	2 492	3 314
	399 150	788 965
Councillor Nyatela resigned as a Councillor in March 2023		
Cllr. N.O. Mfecane		
Salary	86 502	736 808
Cell phone Allowances	3 504	40 800
3G Allowance	300	3 314
Reimbursive Travel	-	1 937
	90 306	782 859
Councillor Mfecane was sworn in as Chief Whip during December 2021 and resigned during August 2022		
Cllr. K.C. Maneli		
Salary	770 146	458 914
Cell phone Allowances	40 800	23 800
3G Allowance	3 300	1 854
Reimbursive travel	-	1 297
	814 246	485 866
Councillor Maneli resigned as Executive Mayor during December 2021		
Cllr. Z Mngqwazi		
Salary	-	274 219
Cell phone Allowances	-	14 527
3G Allowance	-	1 282
	-	290 028
Councillor Mngqwazi resigned as Councillor during December 2021		

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	2023	Restated 2022
	R	R
Cllr. X. Mngxaso		
Salary	770 146	447 902
Cell phone Allowances	40 800	23 800
3G Allowance	3 300	1 855
	814 246	473 557
Councillor Mngxaso was sworn in during December 2021		
Cllr. B. Ketelo		
Salary	770 146	470 633
Cell phone Allowances	40 800	26 273
3G Allowance	3 300	2 114
Travel reimbursive	-	1 719
	814 246	500 739
Councillor Ketelo was sworn in during December 2021		
Cllr. A.B. Madikane		
Salary	770 146	470 633
Cell phone Allowances	40 800	26 273
3G Allowance	3 300	2 114
	814 246	499 019
Councillor Madikane was sworn in during December 2021		
Cllr. F. Phumaphi		
Salary	770 146	470 633
Cell phone Allowances	40 800	26 273
3G Allowance	3 300	2 114
Travel reimbursive	-	1 719
	814 246	500 739
Councillor Phumaphi was sworn in during December 2021		
Cllr. N. Geza		
Salary	513 431	-
Cell phone Allowances	41 000	-
3G Allowance	3100	-
	557 531	-
Councillor Geza was sworn in during November 2022		
32. Depreciation, amortisation and impairment		
Depreciation and amortisation		
Property, plant and equipment	154 293 431	164 523 241
Intangible assets	313 693	313 691
Investment property	138 946	357 613
Impairment	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
	154 746 071	165 194 545
The comparative figure for depreciation has been restated. Refer Note 45 .		

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Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
33. Finance costs		
Total finance costs	46 436 287	33 681 870
Workmans Compensation	287 144	282 884
Employee benefit obligation	21 891 160	17 675 030
VAT interest/SARS	-	4 379
Rehabilitation provision of solid waste side	3 128 578	569 021
Interest overdue accounts	21 129 402	15 150 547
Interest bank	2	8
	46 436 287	33 681 870
34. Debt impairment		
Contributions to debt impairment provision - other	-	-
Contributions to debt impairment provision - sewer	141 186 028	189 201 199
Contributions to debt impairment provision - water	259 043 297	283 801 801
	400 229 325	473 003 000
35. Contracted services		
Contractual amounts		
Office equipment	759 544	1 006 371
Accommodation Office Space and parking	34 481 388	42 229 390
Cleaning & hygiene	266 045	294 158
Sewerage	55 414	20 883
Security & Bodyguards	44 288 646	30 226 568
Project Management	-	(176 837)
Qualification verification	59 445	26 455
Transport	1 110 500	-
	81 020 981	73 626 988
36. Inventory consumed		
VIP toilet structures	25 641 142	251 823 118
Consumables	3 844	-
Water	105 971 386	108 972 337
	131 616 372	360 795 455
The comparative figure for inventory consumed has been restated. Refer Note 45 .		
The amount includes the value of completed structures that have been constructed and transferred to the beneficiaries.		
37. Operational costs		
Administration	669 028	464 183
Advertising	1 501 654	719 008
Audit committee meetings	971 625	1 272 000
Audit fees	11 118 943	8 129 641
Bank charges	1 550 902	1 775 904
Bursaries and donation	-	30 257
Chemicals	23 158 501	21 750 631
Commission paid	4 523 099	9 643 550
Community Based Organisation	2 357 519	2 753 653
Conference expenses	1 182 013	1 247 722
Consultants	24 115 572	18 106 877
Consumables	-	5 497 803
Database Expenditure	-	79 629
Disciplinary Committee	48 000	476 000
Food and Beverages	195 365	94 466
Foreign exchange translation loss	522 243	169 956
Hiring costs	20 619 514	19 264 660
Insurance Premium Cost	5 825 555	4 265 812
Inventory losses	358	-
Legal fees and Litigation	15 211 949	9 508 434
Licenses and subscription	1 109 353	1 098 915
Membership fees	8 056 950	8 461 510
Municipal Utilities	32 124 235	41 583 569
Postage	298 828	44 253
Printing and stationery	685 072	494 214
Protective clothing & uniforms	346 689	496 305
Refreshments and catering	932 076	234 492

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	2023	Restated 2022
	R	R
Sampling and Testing	904 590	1 577 950
Software and Computer	15 335 665	18 705 233
Solid waste site eastern region costs	-	759 104
Storage	11 566	-
Subsistence and Travel	2 876 755	8 161 457
Telephone and data expenses	4 098 891	5 025 977
Transport	23 829 908	13 063 408
Traffic fines	4 539	3 200
Water research levy	1 018 606	1 126 604
	205 205 564	206 086 377

The comparative figure for operational costs has been restated. Refer to **Note 44** and **Note 45**.

38. Auditors' remuneration

Fees paid	11 118 943	8 129 641
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39. Net cash flows from operating activities

Surplus	104 769 694	294 801 885
Adjustments for:		
Depreciation, amortisation and impairment	154 746 071	165 194 545
Gain/(loss) on sale of asset and liabilities	(419 943)	2 464 792
Contribution to debt impairment	-	473 003 000
Actuarial gain and loss defined benefit	-	(12 184 664)
Movement in current investment (accrued interest)	-	(137 129)
Non cash interest	-	18 244 051
Movement in employee obligations	-	5 206 964
Movement in provisions	-	4 770 530
Operating lease liability movement	-	1 108 776
Changes in working capital:		
Decrease/(Increase) in inventories	-	(116 156 307)
(Increase)/decrease in receivables from exchange transactions	-	(495 937 610)
(Increase)/decrease in receivables from non- exchange transactions	-	(32 609 869)
Increase in consumer deposits	-	295 480
(Increase)/decrease in other receivables from non-exchange transactions	-	-
Increase/(decrease) in other payables from non exchange transactions	-	1 606 561
Increase/(decrease) in payables from exchange transactions	-	24 752 815
(Increase)/decrease in VAT payable	-	48 929 794
(Decrease)/increase in taxes and transfers payable (non exchange)	-	(786 824)
Increase/(decrease) in unspent conditional grants and receipts	-	85 234 351
Decrease in non current receivables	-	-
	259 095 822	467 801 141

40. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Non - current receivables	2 418 760	2 418 760
Trade and other receivables from exchange transactions	325 471 074	325 471 074
Other receivables from non-exchange transactions	26 543 185	26 543 185
Cash and cash equivalents	385 418 172	385 418 172
Current investment	7 434 597	7 434 597
	747 285 788	747 285 788

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	575 579 160	575 579 160
Other payables from non-exchange transactions	9 299 328	9 299 328
	584 878 488	584 878 488

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
2022	At amortised cost	Total
Financial assets		
Non - current receivables	1 603 760	1 603 760
Trade and other receivables from exchange transactions	212 610 740	212 610 740
Other receivables from non-exchange transactions	49 016 447	49 016 447
Cash and cash equivalents	218 675 011	218 675 011
Current investment	7 137 129	7 137 129
	489 043 086	489 043 086
Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	543 674 428	543 674 428
Other payables from non-exchange transactions	7 805 220	7 805 220
	551 479 648	551 479 648
41. Commitments		
Authorised capital expenditure	2023	2022
Already contracted for but not provided for		
▪ Infrastructure	1 685 501 321	398 600 049
▪ Community	16 823 237	5 811 070
▪ Other - Land and Buildings	0	13 780 657
	1 702 324 558	418 191 776
This expenditure will be financed from		
▪ Government Grants	1 701 821 420	403 907 981
▪ Own Resources	503 138	14 283 795
	1 702 324 558	418 191 776
The comparative figure for Capital commitments has been restated. Refer Note 45.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	8 331 292	24 393 077
- in second to fifth year inclusive	5 807 481	-
Total exclusive of VAT	14 138 773	24 393 077
Total inclusive of VAT	16 259 589	28 052 039
Operating lease payments represent rentals payable by the entity for occupation of leased buildings as well as photocopiers.		
19 Photocopy machines are on a month to month basis, awaiting for SCM processes		
Rentals are negotiated for an average of 2 years and rentals escalate on average at 7.75% per annum.		
11 Lease contracts are renewed on a month to month basis.		

Amathole District Municipality

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Notes to the annual Financial Statements

	2023 R	Restated 2022 R
Operating leases - as lessor (Income)		
Minimum lease payments due		
- within one year	154 313	142 723
- in second to fifth year inclusive	27 164	181 477
- later than five years	-	-
	181 477	324 200
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 10 years and rentals escalate by an average of 9.3% annually.		
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

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
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
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
Contractual dispute		
A claim for payment of money as a result of services rendered and no payment received.	3 000 000	-
Contractual dispute		
Payment of contract for services rendered and no payment received. The outstanding issue is payment of legal costs due and payable to the Plaintiff's attorney.	22 166 175	-

Amathole District Municipality

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Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
Claims for damages		
Claim for damages as a result of the alleged negligence by fire fighters that left the shop burning. Filed both the plea and relevant notices.	33 520 789	-
Delictual claim		
A claim arising out of delictual damages suffered by the Plaintiff. The employees of the ADM are alleged to have left a hole open and as a result the Plaintiff fell on same.	8 780 000	-
Delictual claim		
For delictual damages, Plaintiff's cow injured as a result of a pit toilet not constructed to finality.	5 000	-
Civil Matter		
Claim for damages arising from having his Essential User taken from them.	30 000 000	-
Contract dispute		
Non-payment of a lease agreement by ADM.	190 659	-
Claim for compensation		
This matter is brought by the applicant in the land claims court in which is seeks payment of compensation awarded to the community by the Commission, which was initially administered by ADM on behalf of the community. The land claims court has made an order to give effect to a settlement between the two parties.	14 460 370	-
Total contingent liabilities	297 203 044	185 080 051
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		
Court application being launched to cancel portion of contract relating to TLB. Service provider has undertaken to provide substitute machine.	1 400 000	1 400 000
Legal action to recover irregular expenditure		
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 .	88 092	88 092

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Notes to the annual Financial Statements

	2023 R	Restated 2022 R
Breach of contract		
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.	1 198 370	1 198 370
Claims for RSC levies and Water and Sanitation		
	35 169	35 169
	85 563	85 563
	80 646	80 646
	13 121	13 121
	100 828	100 828
	72 804	72 804
	388 131	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	581 440	532 316
Seconded services		
Acting Chief Financial Officer	236 700	-
Acting Chief Executive Officer	606 351	1 799 336
Acting Chief Operations Officer	82 566	861 048
Communications Intern	63 380	42 446
Communication Officer	189 289	343 601
Fees paid to Audit Committee Members for ASPIRE	623 000	650 000
Administration fees paid to (received from) related parties		
Amathole Economic Development Agency SOC Limited t/a (ASPIRE)	11 500 000	11 500 000
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	761 810	999 301
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		

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Notes to the annual Financial Statements

Restated
2022
2023
R R

44. Reclassification of comparative figures

44.1 Employee costs and Operating costs

The comparative figure for Employee costs has been restated by an amount of R 11 441 745 as skills development levy and medical aid retirees have been disclosed as part of Employee costs and no longer as operating expenditure. Refer **Note 30** and **Note 37** respectively.

44.2 Trade payables from exchange transactions

The trade payables from exchange transaction has been restated by an amount of R7 805 220 as this amount has been reclassified to other payables from non exchange transactions. Refer to **Note 19** and **Note 21** respectively.

44.3 Receivables from exchange transactions

The receivables from exchange transactions has been restated by an amount of R16 162 459.51 as this amount has been reclassified to other receivables from non-exchange transactions. Refer to **Note 13** and **Note 14** respectively.

The effect of the reclassification on the comparative figures are summarised in the table below:

	Balance as previously reported	Reclassification	Restated balance
Statement of Financial Performance			
Employee costs	679 156 667	11 441 745	690 598 412
Operating costs	220 695 693	(11 441 745)	209 253 947
Statement of Financial Position			
Trade payables from exchange transactions	(548 266 651)	7 805 220	(540 461 431)
Trade payables from non-exchange transactions	-	(7 805 220)	(7 805 220)
Receivables from exchange transactions	228 773 200	(16 162 460)	212 610 740
Receivables from non-exchange transactions	32 853 987	16 162 460	49 016 447

45. Prior period errors

45.1 Capital commitments

The comparative figure for capital commitments was restated in the current year due to the removal of completed and terminated projects and the addition of variation orders and the contracts that were not previously recorded.

The restatement only impacts disclosure and thus has no effect on the statement of Financial Position and Performance. The Capital commitments decreased by R14 033 350 Refer to **Note 41**.

The figures as previously reported 2021/22 financial year:

Capital commitments - Infrastructure assets	409 684 621
Capital commitments - Community assets	8 353 080
Capital commitments - Other	14 187 425
	432 225 126

The figures restated:

Capital commitments - Infrastructure assets	398 600 049
Capital commitments - Other land buildings	5 811 070
Capital commitments - Other	13 780 657
	418 191 776

The figures have been restated as follows :

Decrease in Capital commitments - Infrastructure assets	11 084 572
Decrease in Capital commitments - Community	2 542 010
Capital commitments - Other	406 768
	14 033 350

45.2 Irregular expenditure

The comparative figure for irregular expenditure was restated for the comparative as follows: The irregular expenditure increased by a net amount of R1 708 999.

The increase is comprised of VAT R2 582 508 now being included in the irregular expenditure figures disclosed and (R873 509) that was duplicated.

The restatement only impacts disclosure and thus has not effect on the statement of Financial Position and Performance. Refer **Note 49**.

The figures as previously reported 2021/22 financial year:

Opening balance	39 232 550
Add: Irregular Expenditure during the current year	27 006 474
Add: Irregular Expenditure identified during the current year relating to the prior year	19 742 352
Less: Amounts written off by Council	(38 335 538)
	47 645 838

The figures restated:

Opening balance	43 730 385
Add: Irregular Expenditure during the current year	28 652 401
Add: Irregular Expenditure identified during the current year relating to the prior year	20 675 406
Less: Amounts written off by Council	(43 703 355)

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	2023	Restated 2022
	R	R
		49 354 837
The 2021/22 irregular expenditure figure increased		
Opening balance increased		4 497 835
Add: Irregular Expenditure during the current year		1 645 927
Add: Irregular Expenditure identified during the current year relating to the prior year		933 054
Less: Amounts written off by Council		(5 367 817)
		1 708 999
45.3 Unauthorised expenditure		
The comparative figure for unauthorised expenditure was restated for the comparative as follows: The unauthorised expenditure increased by a net amount of R22 224 467.		
The increase is comprised of additional instances of unauthorised expenditure being identified now being included in the unauthorised expenditure figures disclosed and write off amounts that were duplicated.		
The figures as previously reported 2021/22 financial year:		
Opening balance		136 409 388
Add: Unauthorised Expenditure during the current year		-
Less: Amounts written off by Council		(66 971 804)
		69 437 584
The 2021/22 unauthorised expenditure figure increased		
Opening balance increased		51 269 403
Add: Unauthorised Expenditure during the current year		3 596 579
Less: Amounts written off by Council		-
		54 865 982

45.4 Cash and cash equivalents

The cash and cash equivalent was adjusted retrospectively with an amount of R841 654 which was the duplication of the recognition of accrued interest hence the cash reduced with the amount of R841 654 and interest received investments decreased by the same amount of R841 654. The error was corrected retrospectively. Refer to **note 16 and note 28**.

45.5 Inventories

Water inventory increased by an amount of R811 609 when correcting an error as the prior water stock was not accounted for. The error was identified in the current year and adjusted retrospectively. Refer **Note 12**.

The inventory consumed decreased by the same amount of R811 609, refer **Note 36**.

VIP toilet inventory has decreased by R106 366 961 due to the incorrect costing of the inventory which was corrected identified in the current year and corrected retrospectively. Refer **Note 12**.

45.6 Investment Property

Investment property cost has increased by R143 000.

The error was corrected in the current year and adjusted retrospectively. Refer **Note 3**.

45.7 Property, plant and equipment

The error was corrected in the current year and adjusted retrospectively. Refer **Note 4 and Note 53** respectively.

Furniture and Machinery asset categories were restated by R172 due to a reallocation of the disposal as it was recognised in the incorrect asset class.

The error was corrected in the current year and adjusted retrospectively. Refer **Note 4**.

Furniture and Computer equipment asset categories were restated by R256 due to a reallocation of the disposal as it was recognised in the incorrect asset class.

The error was corrected in the current year and adjusted retrospectively. Refer **Note 4**.

An increase of R127 108 509 was made to the comparative figure for Property, plant and equipment as a result of corrections made in the current year identified from work in progress.

The error has been adjusted retrospectively. Refer **Note 4**.

The comparative figure was further decreased by an amount of R4 751 074 to correct accumulated depreciation on transport and machinery assets.

The error was corrected in the current year and adjusted retrospectively. Refer **Note 4 and Note 32** respectively.

45.8 Intangible Assets

The intangible assets were decreased by R313 689, which is the amortisation for the prior year which was not recognised.

The error was corrected in the current year and adjusted retrospectively. Refer **Note 5 and Note 32** respectively.

45.9 Trade and other payables from exchange transactions

The trade creditors were increased by an amount of R3 212 997 relating to the 2022 WCA assessment that was not recognised in the prior year.

The error was corrected in the current year and adjusted retrospectively. Refer **Note 21**.

45.10 Interest received - Investments

Interest received investments was adjusted retrospectively with an amount of R841 654 which was the duplication of the recognition of accrued interest hence the interest received reduced with the amount of R841 654 and cash and cash equivalents decreased by the same amount of R841 654. The error was corrected retrospectively. Refer to **note 16 and note 28**.

45.11 Employee related costs

The employee costs have increased by an amount of R2 930 113 relating to the WCA assessment of 2022 that was not recognised in the prior year.

The error was corrected in the current year and adjusted retrospectively. Refer **Note 30**.

45.12 Depreciation and amortisation

Depreciation of machinery was increased by R4 516 496 to correct the depreciation allocation that was charged on transport for the same amount. The error was identified in the current year and corrected retrospectively.

The depreciation of water and sanitation was increased due to settlement that was done in the current year and corrected retrospectively for an amount of R2 879 694 for sanitation R66 605 544 for water.

The amortisation of the intangible asset was increased by R313 689 being the amortisation for the year which was not previously recognised. Refer **Note 5**.

Refer **Note 32**.

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	2023	Restated 2022
	R	R

45.13 Finance costs

Finance costs increased by R282 884 being the penalty raised for the late submission of the 2022 WCA assessment.

The error was corrected in the current year and adjusted retrospectively. Refer Note 33.

45.14 Repairs and maintenance

Repairs and maintenance was increased by an amount of R3 829 092. This error was identified in the current year and corrected retrospectively as invoices were found to be incorrectly capitalised.

Refer Note 54.

Property plant and equipment WIP decreased by R669 706, refer Note 4.

45.15 Inventory consumed

Inventory consumed for water decreased by an amount of R811 609 when correcting an error as the prior water stock was not accounted for. The error was identified in the current year and adjusted retrospectively. Refer Note 36.

The inventory increased by the same amount of R811 609, refer Note 12.

Inventory consumed for VIP toilets increased by R169 534 025 when correcting the costing of the toilets transferred to the beneficiaries, refer Note 36.

The asset VIP clearing account was also corrected retrospectively by R1 402 660, refer to Note 36

45.16 Operational costs

The operational costs decreased by R3 167 570 as SALGA membership relating to the 2021 financial year were incorrectly recognised in the 2022 financial year as expenditure. The error was identified in the current year and adjusted retrospectively, refer Note 37.

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

	Balance as previously reported	Correction of error	Restated balance
Statement of Financial Performance			
Interest received - Investment	(13 551 978)	841 654	(12 710 324)
Inventory consumed	190 670 378	170 125 076	360 795 454
Depreciation	95 395 617	69 798 926	165 194 543
Repairs and maintenance	30 248 876	3 466 431	33 715 307
Finance costs	33 398 986	282 884	33 681 870
Employee costs	679 156 667	2 930 113	682 086 780
Operational costs	220 695 693	(3 167 570)	217 528 123
Statement of Financial Position			
Cash and cash equivalents	219 516 665	(841 654)	218 675 011
Inventory	132 461 116	(105 555 352)	26 905 764
Trade and other payables from exchange transactions	(540 461 431)	(4 836 785)	(545 298 216)
Investment property	146 960 904	143 000	147 103 904
Property plant and equipment	4 861 345 272	(338 628 167)	4 522 717 105
Intangible Assets	941 068	(313 689)	627 379
Accumulated Surplus	(4 142 044 240)	205 755 132	(3 936 289 108)

The effect of the adjustments were as follows:

Statement of financial position

Increase in inventory

(105 555 352)

Decrease in Cash and cash equivalents

(841 654)

Decrease in the Payables from exchange transactions

(4 836 785)

Increase in Investment Property

143 000

Increase in Property, Plant and Equipment

(338 628 167)

Decrease in Intangible Assets

(313 689)

Total

(450 032 647)

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	2023 R	Restated 2022 R
Statement of financial performance		
Decrease in Interest received - investment		841 654
Increase in Employee related costs		2 930 113
Increase in Depreciation		69 798 926
Increase in Repairs and maintenance		3 466 431
Increase in Finance costs		282 884
Decrease in Inventory consumed		170 125 076
Decrease in Operational costs		(3 167 570)
Total		244 277 515
Net (increase)/decrease in the accumulated surplus	-	(205 755 132)
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 of 22% (2022: 28%) 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 2023					
Trade and other payables	511 046 974	-	64 532 186	-	575 579 160
Other	-	-	10 708 118	-	10 708 118
Gross finance leases	-	-	-	-	-
	511 046 974	-	75 240 304	-	586 287 279

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				2023 R	Restated 2022 R
	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 2022					
Trade and other payables	469 680 929	-	73 993 499	-	543 674 428
Other	-	-	10 224 838	-	10 224 838
Gross finance leases	-	-	-	-	-
	469 680 929	-	84 218 337	-	553 899 266

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.

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	2023	Restated 2022
	R	R
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument	385 418 172	218 675 011
Cash and cash equivalents	325 471 074	212 610 740
Receivables from exchange transactions	26 543 185	49 016 447
Receivables from non - exchange transactions	2 418 760	1 603 760
Non-current investments	7 434 597	7 137 129
Current investments		
Guarantees	106 099 674	144 919 642
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 2023, 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 R376 867 (2022: R333 587) with the opposite effect if the interest rate had been 50 basis points lower.		
Financial liabilities		
At 30 June 2023, 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 (2022: R0) 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	54 865 982	51 269 403
Current year unauthorised expenditure	36 796 069	3 596 579
Unauthorised expenditure written off	-	-
Closing balance	91 662 051	54 865 982

Amathole District Municipality

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	2023	Restated 2022
	R	R
Incident		
During the 2022/23 an amount of R 33 212 401 was identified as unauthorised at vote level.		
The following votes were overspent:		
Interest on over due accounts	20 914 435	
Employee Costs	12 297 965	
An additional amount of R3 583 668 is identified as unauthorised due to audit finding of 2021/22 which will affect all the invoices of the Provision of Support for Asset and Inventory Management Project paid in 2022/23.		
Thus total unauthorised expenditure incurred during 2022/23 amounts to R36 796 069		
The budget has not been exceeded at vote level or overall during the 2021/2022 financial year.		
An amount of R3 596 579 was identified during the audit of 2021/22 as unauthorised expenditure. Expenditure is due to the consultancy costs of Provision of Support for Assets and Inventory Management.		
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:	2 954 651	
Vote 52 - Consultancy Business and Financial Management (SAP Support)	48 314 753	
Vote 55 - Impairment of debtors (Bad debts)		
The comparative figure has been restated refer Note 45 .		
48. Fruitless and wasteful expenditure		
Opening balance	61 394 143	50 417 277
Fruitless and wasteful expenditure current year	21 416 541	17 937 325
Fruitless and wasteful expenditure prior year, recognised in the current year	282 884	-
Written off during the year	-	(6 960 460)
Closing balance	83 093 568	61 394 143
Incident		
During the current year, fruitless and wasteful expenditure of R20 978 779 was incurred.		
The amount is comprised of interest and penalties for late payment as follows:		
Interest on the late payment of electricity and other utilities R1 485 527, telephone R93 977, rental R11 010, sampling R187, vehicle licencing R26 013, travel account R48 574 and pension payment of R700.		
Penalties of R1 325 were incurred for the late payment of TV licences.		
Penalties of R287 144 were recognised in the current year for the late submission of the 2023 WCA assessment.		
Interest of R19 462 081 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has not been paid.		
The incidents up till end of April 2023 have been investigated by MPAC and written off by Council on 30 August 2023.		
Penalties of R282 884 were recognised in the current year for the late submission of the 2022 WCA assessment.		
During the 2021/22 financial 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.		
On 6 July 2022 Council resolved for the fruitless and wasteful expenditure that was indentified fpor the period 1 July 2021 to 31 December 2021 be referred to MPAC for futher investigation.		
During 2021/22, 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.		
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.		

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	2023	Restated 2022
	R	R
49. Irregular expenditure		
Opening balance as previously reported	47 645 838	39 232 550
Opening balance as restated	49 354 837	43 730 385
Add: Irregular Expenditure during the current year	157 826 675	28 652 401
Add: Irregular Expenditure incurred in prior year but identified in current year	63 518 554	20 675 406
Less: Amounts written off by Council -current	(17 725 489)	(43 703 355)
Less: Amounts written off by Council - prior period	-	-
Closing balance	252 974 578	49 354 837

The comparative figure has been eastated, Refer **Note 45**.

Incidents

The total Irregular expenditure incurred during the 2022/2023 financial year is R157 826 675.1. Of this amount R6 816 134 relates to prior year irregular expenditure where payment has been made during the 22/23 financial year. This has been written off by council. A further R150 400 233,96 relating to the panels and new instances in the amount of R610 307,30 still needs to be considered/investigated and still needs to be considered by Council.

An amount of R3 148 111 was paid to a service provider. The contract was awarded when SCM was not in attendance at the meeting. R1 576 667 was paid to a service provider. The reason for deviation is not justifiable, MDB 4 and MBD 8 declarations were not obtained, and the award was approved by an official that is not a senior manager as defined in the MFMA.

An amount of R601 356 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.

An amount of R1 490 000 was paid to a service provider. Due to the lack of legislative framework that necessitates the provision of personal security for councillors, this expenditure has been deemed as irregular.

An amount of R12 823 was paid to a service provider. This was deemed irregular as approval was granted after the date of the services being rendered.

An amount of R12 823 was paid to a service provider. This was deemed irregular as approval was granted after the date of the services being rendered.

An amount of R62 941 was paid to service providers. This was deemed irregular as the revised SCM policy was not yet adopted due to the new PPPFA Regulations 2022 when procurement took place.

An amount of R6 000 was paid to a service provider. This was deemed irregular as approval was granted after the date of the services being rendered.

An amount of R24 337 622 was paid to service providers. This expenditure has been deemed as irregular as appointments were linked to the Panel of Contractors (8/2/106/2018-2019C) that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations

An amount of R83 989 904 was paid to a service providers. This expenditure has been deemed as irregular as the appointments were linked to the Panel of Consultants (8/2/124/2018-2019C) that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations

An amount of R5 826 074 was paid to a service provider. This has been deemed irregular as the reason to deviate is not justifiable.

An amount of R8 580 859 was paid to a service provider. This has been deemed irregular as the bid documentation did not specify the evaluation and adjudication criteria which includes the preference point system and reason to deviate was not justifiable

An amount of R151 000 was paid to a service provider, which was deemed irregular as approval was granted by the Acting CFO and not the MM.

An amount of R297 500 was paid to a service provider, this was deemed irregular as prior approval was not obtained.

An amount of R67 220 was paid to a service provider. This has been deemed irregular as approval to deviate was granted by the Acting CFO and not the MM.

During 2021/22 a further payment of R1 194 355,20 was made which was deemed as irregular as the reason for appointing the second highest point scorer was not justifiable.

During 2021/2022 a further payment of R536 314,62 was made which was deemed as irregular as the reason for deviation was not justifiable.

During 2021/22 a further payment of R14 603 417,64 was paid to a service provider. The award was approved by an official that is not a senior manager as defined in the MFMA.

During 2021/22 a further payment of R1 378 275,14 was paid to a service provider. The reason for deviation is not justifiable, MDB 4 and MBD 8 declarations were not obtained, and the award was approved by an official that is not a senior manager as defined in the MFMA.

During 2021/22 a further payment of R4 877 532,54 was made which was deemed as irregular as payment in respect of the contract was exceeded.

During 2021/22 a further payment of R3 348 233,60 was made which was deemed as irregular as the there was no CIDB Grading attached to the award.

During 2021/22 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 proof that they are certified to work on the fire prevention / suppression system.

During 2021/22 an amount of R77 125 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 R1 184 500 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state.

During 2021/22 an amount of R480 125 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 R956 037,06 was paid to a service provider. Due to the lack of legislative framework that necessitates the provision of personal security for councillors, this expenditure has been deemed as irregular.

During 2021/22 an amount of R596 000 was paid to a service provider. Due to the lack of legislative framework that necessitates the provision of personal security for councillors, this expenditure has been deemed as irregular.

During 2021/22 an amount of R40 006 441 was paid to a service provider. This expenditure has been deemed as irregular as this appointment is linked to the Panel of Contractors (8/2/106/2018-2019C) that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations.

During 2021/22 an amount of R15 531 027 was paid to a service provider. This expenditure has been deemed as irregular as this appointment is linked to the Panel of Consultants (8/2/124/2018-2019C) that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations

During 2021/22 an amount of R18 860 was paid to a service provider. This expenditure has been deemed as irregular as the service provider is not registered with IRBA (Special Condition of Tender).

The Certificate provided was for a member working for the Service Provider.

During 2021/22 an amount of R226 310,25 was paid to a service provider. This has been deemed irregular as the variation order was considered unreasonable as it is above 20% benchmark for construction projects.

During 2021/22 an amount of R146 763 was paid to a service provider. This has been deemed irregular as the bid documentation did not specify the evaluation and adjudication criteria which includes the preference point system.

During 2021/22 an amount of R0 was paid to a service provider. This has been deemed irregular as the reason to deviate is not justifiable.

During 2021/22 an amount of R2 923 637,26 was paid to a service provider. This has been deemed irregular as the reason to deviate is not justifiable.

During 2021/22 an amount of R3 978 800 was paid to a service provider. This has been deemed irregular as the reason to deviate is not justifiable.

The total IE incurred during the 2021/2022 financial year is R92 099 864,70. Of this amount R25 938 128,74 relates to prior year irregular expenditure where payment has been made during the 21/22 financial year.

An amount of R17 467 779,07 has been written off by council at its meeting held on 6 July 2022. A further R55 537 468,39 relating to the panels and new instances in the amount of R10 624 267,57 is currently being considered/investigated and still needs to be considered by Council.

During 2020/21 a further payment of R51 225,60 was made which was deemed as irregular as the incorrect allocation of BBBEE points were awarded.

During 2020/21 a further payment of R206 484,19 was made which was deemed as irregular as payment in respect of the contract was exceeded.

During 2020/21 an amount of R2 998 030,19 was paid to contractor. The contractor was appointed in error. The highest point scorer was disqualified in error.

During 2020/21 an amount of R260 004,03 was paid to a service provider. The bidder should have been disqualified.

During 2020/21 an amount of R618 125 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 R954 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 R667 000 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state.

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	2023	Restated 2022
	R	R
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 MBD 4 declaration form was not dated.		
During 2020/21 an amount of R60 361 was paid to a service provider. The Award was made to a spouse/business partner of a person in the service of the state.		
An amount of R224 095,47 excl. VAT / R257 709,79 relating to prior year irregular expenditure where payment has been made during the 20/21 financial year has been written off by council at its meeting held on 6 Junly 2022. The remaining R18 646 811,11 incl. VAT still needs to be considered/investigated and still needs to be considered by Council.		
During 2019/20 an amount of R496 460,55 was paid to contractor. The contractor was appointed in error. The highest point scorer was disqualified in error.		
During 2019/20 an amount of R431 250 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 R353 625 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 R143 750 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 R433 201 was paid to service providers in excess of the guiding prices by National Treasury for PPE covid items.		
During 2019/20 an amount of R10 228,30 was paid to a service provider who did not declare that their member had interest with the state.		
These matters amounting to R1 868 514,45 incl. VAT is under investigation and still needs to be considered by Council.		
The comparative figure for irregular expenditure has been restated, refer Note 45 .		
50. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Opening balance	4 598 539	6 313 488
Current year fee	11 118 943	8 129 641
Amount paid - current year	(10 988 197)	(9 844 590)
Amount unpaid 30 June 2023	4 729 285	4 598 539
PAYE, UIF and SDL		
Opening balance	8 910 769	9 697 593
Current year subscription / fee	117 389 325	114 538 733
Amount paid - current year	(126 300 093)	(115 325 557)
	0	8 910 769
The PAYE, UIF and SDL from the June 2023 payroll was paid during June 2023.		
Pension and Medical Aid Deductions		
Opening balance	16 003 020	9 060 971
Current year subscription / fee	174 503 145	109 762 247
Amount paid - current year	(190 506 165)	(102 820 197)
	0	16 003 020
The amount due was paid during June 2023.		
Councillors' arrear consumer accounts		
The following Councillors had arrear accounts outstanding for more than 90 days:		
at 30 June 2023		
Councillor AB Madikane	4 166	4 166
Councillor CA Auld	5 208	5 208
Councillor M Ketelo	4 201	4 201
Councillor M Ketelo / Mbatyoti	1 887	1 887
Councillor KC Maneli	56 711	56 711
Councillor E Bantam	14 733	14 733
Councillor E Bantam	4 329	4 329
	91 235	91 235
As at 30 June 2022		
Councillor AB Madikane	979	979
Councillor CA Auld	189	189
Councillor M Ketelo / Mbatyoti	770	770
Councillor KC Maneli	8 641	8 641
Councillor E Bantam	3 832	3 832
Councillor E Bantam	1 198	1 198
	15 609	15 609
Highest outstanding amount		Aging (in days)

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	2023	Restated 2022
	R	R
During the year the following Councillors' had arrear accounts outstanding for more than 90 days.		
30 June 2023		
Councillor AB Madikane	4 166	90
Councillor CA Auld	5 208	90
Councillor M Ketelo	4 201	
Councillor M Ketelo / Mbatyoti	1 887	90
Councillor KC Maneli	56 711	90
Councillor E Bantam	14 733	90
Councillor E Bantam	4 329	90
	91 235	
	Highest outstanding amount	Aging (in days)
30 June 2022		
Councillor AB Madikane	979	90
Councillor CA Auld	189	90
Councillor M Ketelo / Mbatyoti	770	90
Councillor KC Maneli	8 641	90
Councillor E Bantam	3 832	90
Councillor E Bantam	1 198	90
	15 609	
Supply chain management regulations		
The following deviations and ratifications of minor breaches of procurement are reported in Council in terms of paragraph 36(2) of the SCM policy:		
Types of deviation:		
Sole Supplier	888 145	267 807
Emergency	352 910 666	20 056 924
Acquisition of special works of art or historical objects where specifications are difficult to compile	-	-
Exceptional case and it is impractical to follow official procurement process	39 754 389	84 479 682
Expansions and variations	8 000 000	1 097 316
	401 553 201	105 901 729
Breaches	1 101 110	775 713
Total	402 654 310	106 677 442
The above-mentioned deviations and deviations from the Supply Chain Management processes has been condoned in terms of the approved Supply Chain Management policy.		

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	R	R
Bids awarded to family of employees in service of the state		
In terms of the SCM regulations, any award above R2000 to family members of employees in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded on the declaration of interest form.		
Connected Person and Position Held		
P. Ngabase - Senior Environmental Officer	567 600	149 896
A. Dyantyi - Asset Management	98 900	415 654
T. Mgayi - Asset clerk	134 450	74 257
Councillor N. Nyathela	287 500	417 500
I.S. Vanda - Platoon Commander	446 045	351 510
N. Malgas - Admin Assistant SCM	565 800	-
M. Ralane - Engineering Services	10 800	-
	2 111 095	1 408 817

Default and breaches

Although the average creditors payment days ratio was at 62,3% at the end of the year 2022/2023 due to the cash flow constraints, from time to time the municipality had challenges in meeting the 30 days legislated timeframe for payments of invoices. This resulted in an aggregate of 38% of invoices processed and not paid within 30 days during the 2022/2023 financial year. The municipality has exercised reasonable steps to ensure that invoices are paid within 30 days of receipt.

Total Value of invoices processed

Value of invoices processed and paid within 30 days

Value of invoices processed but not paid within 30 days

Percentage of value of invoices not paid within 30 days

R
715 998 598
446 146 642
269 851 956
38%

51. Grant performance narrations

Refer to **Annexure 1** and **Note 18** for further detail on grants

National Government Grants

1. Financial Management Grant (FMG)

Funds are used for salaries of five interns. In addition to interns salaries, the funds also utilised for work resources e.g. laptops for Budget and Treasury office support and other Financial Management related programmes.

2. Extended Public Works Programme (EPWP)

Unskilled Contract workers have been appointed throughout the district for various projects utilising the EPWP funding. The grant has been fully spent at year end.

3. Municipal Infrastructure Grant (MIG)

R98m was stopped by Treasury and the remaining MIG funds were used for water and sanitation projects across the district.

The approved funds for most of the sanitation projects were depleted, while most of the water supply projects are multi-year projects continuing in the 2023/24 financial year.

Roll over application for balance to be submitted to National Treasury.

5. Water Services Infrastructure Grant : Drought Relief (WSIG)

The funds were utilised for various water and sanitation related projects within the District.

6. Rural Road Asset Management System (RRAMS)

The RRAMS fund is used to develop and maintain the roads management system for all the LM's within the Amathole District.

The funds were fully spent.

7. Neighbourhood Development Partnership Grant (NDPG)

This fund is transferred to ASPIRE for implementation. There was no allocation for the financial years 2020/21 to 2022/23. Reconciliation to be done and request for approval for Council to return funds to Funder.

8. Regional Bulk Infrastructure (RBIG)

Funds were utilised for the Xhora Bulk and Ngqamakwe Bulk Water Supply Schemes. Both projects are multi- year projects and will continue in the 2023/2024 financial year.

9. Mnquma War on Leaks

Funds utilised for water projects in Mnquma.

9. ACIP - WW Infrastructure refurbish R3 5M

Funds utilised for refurbishment of Sewer Pump Stations in Fort Beaufort.

10. Victoria

The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.

11. Teko Springs/ Ndlovini

The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.

12. Needs Camp

The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.

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	2023	Restated 2022
	R	R
13. Hogsback		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
14. Haga Haga		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
15. Willowvale		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
16. Elliotdale		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
17. Ndevana		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
18. Msobomvu		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
19. Hertzog		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
20. Great Kei Planning Funds		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
21. Mquma Planning Funds		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
22. Ngqushwa Planning Funds		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
23. Nkonkobe Planning Funds		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
24. Mquma Survey		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
25. Survey Interest and Contribution		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
26. Ngqushwa Survey Funds		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
27. Nkonkobe Survey		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		

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	2023	Restated 2022
	R	R
28. Lewis Survey		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
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 the 2023/24 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 the 2023/24 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 the 2023/24 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 the 2023/24 financial year.		
33. Ducats Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
34. Macleantown Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
35. Prudoe Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
36. Dongwe Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
37. Teko Spring Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
38. Needs Camp Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
39. Teko Spring Top Structure		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
40. Prudoe Top Structure		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
41. Dongwe Top Structure		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
42. Needscamp Top Structure		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
43. Ducats Top Structure Subsidy		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
44. Kubusi Top Structure		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
45. Lilyvale Kaysers Beach Establishment Grant		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
46. Kaysers 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. Lillyvale Eng Designs		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
48. Planning Grant DLA		
Project was interdicted by the Court not to proceed, as Communities are of the opinion ADM should cease to be a developer or implementing agent. Funds will be returned to funder as soon as close out reports are concluded		
49. Restitutional Award (DLA)		
Project was interdicted by the Court not to proceed, as Communities are of the opinion ADM should cease to be a developer or implementing agent. Funds will be returned to funder as soon as close out reports are concluded.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
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 the 2023/24 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 the 2023/24 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 the 2023/24 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.		
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		
Funds utilised for capacity buildings of LM's within the District.		
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. Human Settlements Drought Relief Kati-Kati		
Funds to be returned to Funder. Project was funded through MIG fund.		
70. Chatha Development		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		
71. Fingoland and Regional Authority		
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said Department LM, due to the change in legislation.		
72. Dwesa Cwebe Restitutional		
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2023/24 financial year.		

Amathole District Municipality

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Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
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 90% for the financial year. Roll over approved by SETA for the 2023/24 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 Contractor- 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 Contractor- 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. Shixhini 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 Nqabarna and Dwesa.		
87. Municipal Disaster Grant: Drill borehole Dwesa Region		
Fund used for drilling borehole in Nqabarna and Dwesa.		
52. Interest earned - outstanding receivables		
Receivables - service charges: Water	37 508 433	39 510 047
Receivables - service charges: Sanitation	13 872 698	14 497 046
Interest is charged at prime interest rate.	51 381 131	54 007 092
53. Gain/(Loss) on disposal of assets		
Infrastructure assets	-	-
Other assets	419 943	(2 464 792)
The loss relates to other assets such as furniture and fittings, buildings and motor vehicles.	419 943	(2 464 792)
The comparative figure for the gain/(loss) on the disposal of assets has been restated, refer Note 45 .		
54. Repairs and maintenance		
Water and sanitation	24 762 428	31 956 388
Buildings	4 137 797	5 304,00
Office furniture and equipment	1 108 474	1 753 615
The comparative figure for repairs has been restated, refer Note 45 .	30 008 699	33 715 308

Amathole District Municipality

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	2023	Restated 2022
	R	R
55. Water distribution losses		
Water distribution losses	208 685 196	3 868 300
Percentage water losses	7%	7%
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. The percentage is consistent with the prior year, however the costing differs.		
56. VAT Payable		
VAT	195 598 270	154 434 629
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	16 918 740	10 705 898
Deferred input VAT	118 130 105	104 824 184
Deferred output VAT	(330 647 115)	(269 964 711)
57. Transfers and grant expenditure		
Conditional grant expenditure	10 760 678	10 810 631
Comprised of:		
Internships	760 679	810 632
Amathole Economic Development Agency contribution	9 999 999	9 999 999
This expenditure relates to non capital items.		
58. Donations received		
Equipment	-	53 680
During the prior 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 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. The municipality continues to monitor the implementation of the plan. One of the cost saving interventions was the office move which took place during the current year under review.		
Based on the events and conditions that have been disclosed, there is a significant doubt on the municipality's ability to continue as a going concern.		
60. Events after reporting date		
Fruitless and wasteful expenditure of R618 584 for the period 1 July 2022 to 31 March 2023 was presented to Council by MPAC for write off on 30 August 2023.		
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 R638 million while the year to date accrued billing is R516 million representing a 19% variance.		
An amount of R19 million has been included in the service charges for the indigent subsidy.		
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 R385 thousand and the actual received to date is R289 thousand being 25% variance.		
A lease on one of the properties had expired, the property was vacated and has not yet been renewed, hence the rental was less than anticipated.		
3. Interest earned - outstanding receivables		
The year to date planned amount was R37 million with the actual amounting to R51 million. This represents 96% more than the budget amount.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

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	R	R
This relates to interest charged and not interest received.		
Consumers have not been paying for services received, even the key accounts have dropped thereby increasing the figure of interest charged, restrictions and disconnections not fully effective due to various factors e.g., non availability of vehicles to restrict/disconnect, no devices to limit water usage to defaulters.		
4. Other income		
Other revenue is comprised of payments from sundry debtors which include septic tank /conservancy tank clearances and clearance certificates. These services are adhoc.		
5. Interest on external investments		
The year to date planned amount was R16 million with actual interest accrued amounting to R25 million.		
The returns were better than anticipated when considering the post impact of the COVID -19 pandemic and global events to the economy.		
6. Government grants		
The municipality has planned to receive R1,7 billion for the year, in the form of both equitable share and conditional grants. R1,2 million has been recognised for the year. The variance between the planned year to date grants actual is a 29% variance. This is mainly due to the MIG grant allocation not being fully spent at year end hence grant income could not be recognised in accordance with GRAP as the conditions had not been met. In addition, the equitable share for the financial year was short received by R66 million. Treasury have indicated that these funds will not be received.		
Expenditure		
7. Employee related costs		
Employee costs incurred for the year amounts to R636 million, while the budget is at R774 million being a 17% variance. The municipality continues to pursue means to reduce the employee related costs.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

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	2023	Restated 2022
	R	R
8. Remuneration of councillors		
Councillor remuneration for the year amounts to R14 million, while the budget is at R15 million being a 7% variance. The budget amount exceeds the actual as an increase in the remuneration has been applied for but has not yet been approved and implemented.		
9. Depreciation		
The budget is R232 million with R155 million expenditure being recognised. This is a 33% variance as depreciation was less than anticipated.		
10. Finance costs		
The finance costs budget includes the portion of interest on the defined benefit obligation, land rehabilitation provision as well as the interest incurred on overdue accounts. The budget amount is R98 thousand with R46 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 R290 million, with the actual being R400 million. The increase required for the impairment at year end was greater than anticipated. This is as a consequence of the lower than anticipated revenue collection.		
13. Repairs and maintenance		
The budget amount for the year is R23 million while the actual amount is R30 million. The repairs are adhoc in nature.		
14. Contracted services		
Contracted Services relates to expenditure incurred on the leasing of property plant and equipment, leases for buildings, photocopiers and security. The budget is R94 million with R81 million actual expenditure, being a 14% variance. Savings were realised with the move of the head offices to different premises.		
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 R132 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.		
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 R229 million against actual expenditure of R205 million, being 10% less 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, spending was less than anticipated. This can be evidenced in the grant spending, wherein the MIG grant was not fully spent.		
2. Receivables from exchange transactions		
Collections have been lower than anticipated during the financial year, hence the debtors balances have increased.		
3. Receivables from non-exchange transactions		
The receivables for non-exchange transactions were less than anticipated.		
4. Current investments		
This line item has not been budgeted for.		

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the annual Financial Statements

	2023	Restated 2022
	R	R
5. Cash and cash equivalents		
The cash and cash equivalents were more than anticipated. One of the contributing factors is that the MIG grant was not fully spent at year end.		
7. Property, plant and equipment		
Property plant and equipment actuals are less than the budget.		
8. Intangible assets		
The intangible assets were less than the budget, due to many of the items being fully depreciated.		
12. Payables from exchange transactions		
The actual payables are less than the budget as the amount of creditors at year end was less than anticipated.		
14. 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.		
16. Unspent conditional grants and receipts		
The actual amount is more than the budget as the MIG grant was not fully spent at year end.		
17. Provisions		
The actual provision amount was less than the budget as the provisions required at year end were less than anticipated.		
19. Non current provisions		
The actual amount for non current provisions is more the actual as the provision for the rehabilitation site was higher than anticipated.		
20. Employee benefit obligation		
The employee benefit obligation is based upon the report obtained from the actuaries. The actual was more than the budget.		
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 2023
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 2023
				R	R	R
CURRENT PORTION						
				-	-	-
				-	-	-
				-	-	-
Total long-term loans				-	-	-

The loan was settled during the 2016/17 financial year

APPENDIX B
AMATOTOLE DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2023

Description	Disposal					Acquisition					Disposal					Acquisition					Disposal					Acquisition					Carrying Amount
	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	Opening Balance	Additions	Transfers	Disposals	Closing Balance
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General plant	5 325 002	-	-	-	-	5 325 002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 325 002
Operational Buildings	15 827 408	-	-	-	-	15 827 408	5 409 954	-	-	-	5 409 954	3 822 701	-	-	-	3 822 701	9 232 051	-	-	-	-	9 232 051	-	-	-	-	-	-	-	-	9 232 051
Municipal Offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Centres	3 740 178	-	-	-	-	3 740 178	824 295	-	-	-	824 295	1 357 476	-	-	-	1 357 476	2 181 771	-	-	-	-	2 181 771	-	-	-	-	-	-	-	-	2 181 771
Fire/Rescue Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	24 892 478	-	-	-	-	24 892 478	1 581 596	-	-	-	1 581 596	5 180 157	-	-	-	5 180 157	11 814 451	-	-	-	-	11 814 451	-	-	-	-	-	-	-	-	11 814 451
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation	29 270 887	-	-	-	-	29 270 887	5 303 073	-	-	-	5 303 073	-	-	-	-	-	5 303 073	-	-	-	-	-	-	-	-	-	-	-	-	-	5 303 073
Pump Stations	175 996 227	-	-	-	-	175 996 227	46 388 920	-	-	-	46 388 920	-	-	-	-	-	46 388 920	-	-	-	-	-	-	-	-	-	-	-	-	-	46 388 920
Water Treatment	94 636 083	-	-	-	-	94 636 083	39 713 084	-	-	-	39 713 084	233 362	-	-	-	233 362	39 946 446	-	-	-	-	-	-	-	-	-	-	-	-	-	39 946 446
Water supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	3 957 080	-	-	-	-	3 957 080	1 384 887	-	-	-	1 384 887	-	-	-	-	-	1 384 887	-	-	-	-	-	-	-	-	-	-	-	-	-	1 384 887
Water supply	129 678 004	-	-	-	-	129 678 004	51 336 814	-	-	-	51 336 814	-	-	-	-	-	51 336 814	-	-	-	-	-	-	-	-	-	-	-	-	-	51 336 814
Storm and Wastewater	18 956 887	-	-	-	-	18 956 887	3 089 082	-	-	-	3 089 082	-	-	-	-	-	3 089 082	-	-	-	-	-	-	-	-	-	-	-	-	-	3 089 082
Distribution	4 291 736 325	-	-	-	-	4 291 736 325	679 180 073	-	-	-	679 180 073	1 202	-	-	-	1 202	679 181 276	-	-	-	-	-	-	-	-	-	-	-	-	-	679 182 478
PMP Stations	47 753	-	-	-	-	47 753	3 866	-	-	-	3 866	-	-	-	-	-	3 866	-	-	-	-	-	-	-	-	-	-	-	-	-	3 866
Pump Stations	166 862 862	-	-	-	-	166 862 862	54 983 101	-	-	-	54 983 101	-	-	-	-	-	54 983 101	-	-	-	-	-	-	-	-	-	-	-	-	-	54 983 101
Reservoirs	344 631 980	-	-	-	-	344 631 980	67 273 180	-	-	-	67 273 180	-	-	-	-	-	67 273 180	-	-	-	-	-	-	-	-	-	-	-	-	-	67 273 180
Water Treatment Works	241 680 072	-	-	-	-	241 680 072	89 044 445	-	-	-	89 044 445	1 080 464	-	-	-	1 080 464	90 134 909	-	-	-	-	-	-	-	-	-	-	-	-	-	90 134 909
Total	5 387 458 476	-	-	-	-	5 387 458 476	1 689 986 805	-	-	-	1 689 986 805	1 205 048	-	-	-	1 205 048	1 064 911 879	-	-	-	-	-	-	-	-	-	-	-	-	-	1 064 911 879
General assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture And Office Equipment	611 000	-	-	-	-	611 000	160 804	-	-	-	160 804	-	-	-	-	-	160 804	-	-	-	-	-	-	-	-	-	-	-	-	-	160 804
Total	611 000	-	-	-	-	611 000	160 804	-	-	-	160 804	-	-	-	-	-	160 804	-	-	-	-	-	-	-	-	-	-	-	-	-	160 804
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	45 292 879,03	-	-	-	-	45 292 879,03	14 327 430,44	-	-	-	14 327 430,44	2 563 800,38	-	-	-	2 563 800,38	16 901 230,72	-	-	-	-	-	-	-	-	-	-	-	-	-	16 901 230,72
Computer Hardware	39 354,88	-	-	-	-	39 354,88	23 202,86	-	-	-	23 202,86	14 811,27	-	-	-	14 811,27	38 014,14	-	-	-	-	-	-	-	-	-	-	-	-	-	38 014,14
Furniture And Office Equipment	4 701 177,76	-	-	-	-	4 701 177,76	2 968 475,14	-	-	-	2 968 475,14	62 564,82	-	-	-	62 564,82	2 901 039,36	-	-	-	-	-	-	-	-	-	-	-	-	-	2 901 039,36
Books	4 189 955,09	-	-	-	-	4 189 955,09	2 747 361,71	-	-	-	2 747 361,71	187 147,96	-	-	-	187 147,96	2 944 509,68	-	-	-	-	-	-	-	-	-	-	-	-	-	2 944 509,68
Chairs And Couches	742 907,63	-	-	-	-	742 907,63	444 887,20	-	-	-	444 887,20	95 961,76	-	-	-	95 961,76	545 826,95	-	-	-	-	-	-	-	-	-	-	-	-	-	545 826,95
Other Furniture And Fixings	1 582 383,46	-	-	-	-	1 582 383,46	870 315,62	-	-	-	870 315,62	34 645,16	-	-	-	34 645,16	904 900,78	-	-	-	-	-	-	-	-	-	-	-	-	-	904 900,78
Water And Sewer	5 838 722,38	-	-	-	-	5 838 722,38	8 799 950,57	-	-	-	8 799 950,57	181 110,36	-	-	-	181 110,36	8 981 060,93	-	-	-	-	-	-	-	-	-	-	-	-	-	8 981 060,93
Audiovisual Equipment	2 205 868,08	-	-	-	-	2 205 868,08	1 356 066,26	-	-	-	1 356 066,26	70 189,29	-	-	-	70 189,29	1 426 255,35	-	-	-	-	-	-	-	-	-	-	-	-	-	1 426 255,35
Other Office Equipment	1 993 031,95	-	-	-	-	1 993 031,95	1 240 121,15	-	-	-	1 240 121,15	197 139,46	-	-	-	197 139,46	1 460 249,82	-	-	-	-	-	-	-	-	-	-	-	-	-	1 460 249,82
Machinery And Equipment	2 423 081,74	-	-	-	-	2 423 081,74	1 056 963,26	-	-	-	1 056 963,26	862 138,35	-	-	-	862 138,35	1 930 302,18	-	-	-	-	-	-	-	-	-	-	-	-	-	1 930 302,18
Emergency And Medical Equipment	3 471 272,19	-	-	-	-	3 471 272,19	2 389 273,28	-	-	-	2 389 273,28	386 111,26	-	-	-	386 111,26	2 795 384,11	-	-	-	-	-	-	-	-	-	-	-	-	-	2 795 384,11
Other Plant And Equipment	25 802,84	-	-	-	-	25 802,84	21 071,14	-	-	-	21 071,14	510,72	-	-	-	510,72	21 183,86	-	-	-	-	-	-	-	-	-	-	-	-	-	21 183,86
Engineering Equipment	400 751,44	-	-	-	-	400 751,44	426 961,68	-	-	-	426 961,68	56 732,18	-	-	-	56 732,18	482 794,08	-	-	-	-	-	-	-	-	-	-	-	-	-	482 794,08
Generators And Compressors	304 809,12	-	-	-	-	304 809,12	232 120,34	-	-	-	232 120,34	49 104,39	-	-	-	49 104,39	281 224,93	-	-	-	-	-	-	-	-	-	-	-	-	-	281 224,93
Lift Equipment	11 432 796,17	-	-	-	-	11 432 796,17	5 181 184,42	-	-	-	5 181 184,42	1 521 471,29	-	-	-	1 521 471,29	7 116 655,71	-	-	-	-	-	-	-	-	-	-	-	-	-	7 116 655,71
Emergency Vehicles	1 528 000,00	-	-	-	-	1 528 000,00	364 647,38	-	-	-	364 647,38	-	-	-	-	-	364 647,38	-	-	-	-	-	-	-	-	-	-	-	-	-	364 647,38
Police Vehicles	48 568 135,77	-	-	-	-	48 568 135,77	18 511 018,17	-	-	-	18 511 018,17	-	-	-	-	-	18 511 018,17	-	-	-	-	-	-	-	-	-	-	-	-	-	18 511 018,17
Patrolenger Vehicles	1 772 781,28	-	-	-	-	1 772 781,28	1 504 611,25	-	-	-	1 504 611,25	-	-	-	-	-	1 504 611,25	-	-	-	-	-	-	-	-	-	-	-	-	-	1 504 611,25
Trucks, Buses And LCV's	734 137,05	-	-	-	-	734 137,05	496 642,18	-	-	-	496 642,18	-	-	-	-	-	496 642,18	-	-	-	-	-	-	-	-	-	-	-	-	-	496 642,18
Total	10 136 397,65	-	-	-	-	10 136 397,65	6 612 881,67	-	-	-	6 612 881,67	11 860,14	-	-	-	11 860,14	8 627 711,61	-	-	-	-	-	-	-	-	-	-	-	-	-	8 627 711,61
Other assets	382 447,886	-	-	-	-	382 447,886	66 889,616	-	-	-	66 889,616	8 451,486	-	-	-	8 451,486	78 241,881	-	-	-	-	-	-	-	-	-	-	-	-	-	78 241,881
Total	5 569 914 962	-	-	-	-	5 569 914 962	1 712 129 237	-	-	-	1 712 129 237	12 826 894	-	-	-	12 826 894	1 125 647 379	-	-	-	-	-	-	-	-	-	-	-	-	-	1 125 647 379

ANTHOU DISTRICT MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 31 DECEMBER 2020

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	
Heritage Monuments	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Culturaly Significant Building	430 000	-	-	-	-	430 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	430 000
Total	430 000	-	-	-	-	430 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	430 000

ANTHOU DISTRICT MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 31 DECEMBER 2020

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	
Investment properties	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	155 232 848	-	-	-	-	155 232 848	4 844 062	-	-	-	4 844 062	-	-	-	-	-	4 844 045	-	-	-	-	150 388 786
Total	155 232 848	-	-	-	-	155 232 848	4 844 062	-	-	-	4 844 062	-	-	-	-	-	4 844 045	-	-	-	-	150 388 786

ANTHOU DISTRICT MUNICIPALITY
ANALYSIS OF NON-CURRENT ASSETS AS AT 30 JUNE 2020

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	
Intangible assets	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Internally generated Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets under Development	61 800 000	-	-	-	-	61 800 000	15 500 000	-	-	-	15 500 000	-	-	-	-	-	15 500 000	-	-	-	-	46 300 000
Computer Software	61 800 000	-	-	-	-	61 800 000	15 500 000	-	-	-	15 500 000	-	-	-	-	-	15 500 000	-	-	-	-	46 300 000
Total	61 800 000	-	-	-	-	61 800 000	15 500 000	-	-	-	15 500 000	-	-	-	-	-	15 500 000	-	-	-	-	46 300 000
Total Asset Register	1 467 639 052	-	-	-	-	1 467 639 052	140 662 318	-	-	-	140 662 318	10 056 106	-	-	-	10 056 106	1 678 639 307	-	-	-	-	1 458 583 246

APPENDIX C
ANTHOLM DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2023

Description	Cost / Revaluation				Accumulated Depreciation					Accumulated Impairment					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	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	6 150 019	-	-	-	6 150 019	1 608 575	-	-	1 608 575	1 777 360	-	-	-	1 777 360	3 385 934	-	-	-	3 385 934	2 764 085
15620 Operations & Maintenance Water: Mricwa	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
15330 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 WTW w/ DWS	2 520 000	-	-	-	2 520 000	627 888	-	-	627 888	713 111	-	-	-	713 111	1 386 000	-	-	-	1 386 000	1 134 000
15240 Information Systems Unit	801 939	-	-	-	801 939	501 908	-	-	501 908	57 300	-	-	-	57 300	559 209	-	-	-	559 209	242 730
15420 Expenditure	8 935	-	-	-	8 935	62 511	-	-	62 511	-	-	-	-	-	62 511	-	-	-	62 511	(53 576)
17300 DIRECTOR LAND HOUSING AND ECONOMIC DEVELOPMENT	45 783	-	-	-	45 783	14 208	-	-	14 208	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	34 806
15100 Director Engineering Services	110 919 076	-	-	-	110 919 076	28 624 936	-	-	28 624 936	5 519	-	-	-	5 519	28 620 415	-	-	-	28 620 415	82 298 642
14800 Credit Control	26 460	-	-	-	26 460	17 755	-	-	17 755	-	-	-	-	-	17 755	-	-	-	17 755	8 706
15100 General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16230 Municipal Health Services ADM	97 134	-	-	-	97 134	20 054	-	-	20 054	-	-	-	-	-	20 054	-	-	-	20 054	77 080
15700 Mayoral Committee	7 845	-	-	-	7 845	1 736	-	-	1 736	821	-	-	-	821	2 556	-	-	-	2 556	5 288
15410 Chief Financial Officer	84 170	-	-	-	84 170	50 257	-	-	50 257	23 890	-	-	-	23 890	74 147	-	-	-	74 147	10 023
15400 Asset Management	49 516	-	-	-	49 516	23 969	-	-	23 969	1 711	-	-	-	1 711	27 680	-	-	-	27 680	21 837
15470 Budgeting	7 456	-	-	-	7 456	4 966	-	-	4 966	1 990	-	-	-	1 990	6 955	-	-	-	6 955	500
15490 Billing	443 017	-	-	-	443 017	95 192	-	-	95 192	44 016	-	-	-	44 016	139 209	-	-	-	139 209	303 808
15200 Human Resources	162 967	-	-	-	162 967	39 651	-	-	39 651	-	-	-	-	-	39 651	-	-	-	39 651	12 316
15840 Mthahae 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
15200 Strategic Planning	47 870	-	-	-	47 870	14 845	-	-	14 845	4 961	-	-	-	4 961	19 806	-	-	-	19 806	28 064
15360 Legislative Support Services	100 690	-	-	-	100 690	35 001	-	-	35 001	54 662	-	-	-	54 662	90 263	-	-	-	90 263	10 427
15380 Executive Support Services	11 926	-	-	-	11 926	10 867	-	-	10 867	741	-	-	-	741	10 807	-	-	-	10 807	1 119
15200 Communications & Customer Care	183 626	-	-	-	183 626	53 700	-	-	53 700	3 797	-	-	-	3 797	57 497	-	-	-	57 497	126 129
15430 Accounting & Reporting	42 892	-	-	-	42 892	25 029	-	-	25 029	1 495	-	-	-	1 495	26 524	-	-	-	26 524	16 368
15200 Fire Services	37 459	-	-	-	37 459	18 000	-	-	18 000	1 814	-	-	-	1 814	19 874	-	-	-	19 874	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
16550 Neulua Satellite Office	157 137 839	-	-	-	157 137 839	89 528 409	-	-	89 528 409	6 172 684	-	-	-	6 172 684	95 701 000	-	-	-	95 701 000	64 438 747
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	21 079	-	-	21 079	1 495	-	-	-	1 495	22 586	-	-	-	22 586	4 409
16200 Community Safety Services	7 786	-	-	-	7 786	3 830	-	-	3 830	-	-	-	-	-	3 830	-	-	-	3 830	3 936
16100 Community Services	24 208 842	-	-	-	24 208 842	1 045 199	-	-	1 045 199	-	-	-	-	-	1 045 199	-	-	-	1 045 199	23 163 643
15200 Municipal Support Unit	11 355	-	-	-	11 355	2 354	-	-	2 354	-	-	-	-	-	2 354	-	-	-	2 354	9 002
16650 Municipal Health Services in Neuba	1 232	-	-	-	1 232	248	-	-	248	-	-	-	-	-	248	-	-	-	248	984
15620 Operations & Maintenance Water: Elitondale	1 465 199	-	-	-	1 465 199	1 643 626	-	-	1 643 626	-	-	-	-	-	1 643 626	-	-	-	1 643 626	1 821 573
15650 Operations & Maintenance Water: Mthawale	1 893 415	-	-	-	1 893 415	843 685	-	-	843 685	-	-	-	-	-	843 685	-	-	-	843 685	1 046 730
15637 Operations & Maintenance Water: Ngandu	455 986	-	-	-	455 986	268 345	-	-	268 345	-	-	-	-	-	268 345	-	-	-	268 345	187 641
15700 Bonhele Schamas	31 870 172	-	-	-	31 870 172	13 627 611	-	-	13 627 611	1 202	-	-	-	1 202	13 628 813	-	-	-	13 628 813	18 241 358
15600 Operations & Maintenance Water: Duthwa	21 820 477	-	-	-	21 820 477	5 708 656	-	-	5 708 656	-	-	-	-	-	5 708 656	-	-	-	5 708 656	16 111 812
15628 Operations & Maintenance Water: Poddie	6 421 239	-	-	-	6 421 239	3 140 127	-	-	3 140 127	-	-	-	-	-	3 140 127	-	-	-	3 140 127	3 281 112
15900 Bonhele Schamas w/ DWS	5 641 504	-	-	-	5 641 504	2 492 296	-	-	2 492 296	-	-	-	-	-	2 492 296	-	-	-	2 492 296	3 149 297
15612 Operations & Maintenance Water: Hago Hago	2 633 712	-	-	-	2 633 712	1 339 987	-	-	1 339 987	-	-	-	-	-	1 339 987	-	-	-	1 339 987	1 291 725
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	1 851 454	-	-	1 851 454	-	-	-	-	-	1 851 454	-	-	-	1 851 454	1 451 693
15632 Operations & Maintenance Water: Gqophumle (incl Middle)	2 478 334 622	-	-	-	2 478 334 622	8 642 176	-	-	8 642 176	-	-	-	-	-	8 642 176	-	-	-	8 642 176	2 460 692 446
15620 Operations & Maintenance Water: Seymour	436 422	-	-	-	436 422	221 815	-	-	221 815	-	-	-	-	-	221 815	-	-	-	221 815	190 607
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
15624 Operations & Maintenance Water: Adriaal	3 873 698	-	-	-	3 873 698	2 979 397	-	-	2 979 397	-	-	-	-	-	2 979 397	-	-	-	2 979 397	894 361
15607 Operations & Maintenance Water: Cathcart	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: Laing	397 897	-	-	-	397 897	321 837	-	-	321 837	-	-	-	-	-	321 837	-	-	-	321 837	76 060
15611 Operations & Maintenance Water: Ngqomahwe	2 746 456	-	-	-	2 746 456	1 900 982	-	-	1 900 982	-	-	-	-	-	1 900 982	-	-	-	1 900 982	846 476
15615 Operations & Maintenance Water: Orlana	7 269 669	-	-	-	7 269 669	3 005 905	-	-	3 005 905	6 373	-	-	-	6 373	3 012 278	-	-	-	3 012 278	4 296 791
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: Ngqobela	2 340 536	-	-	-	2 340 536	962 835	-	-	962 835	-	-	-	-	-	962 835	-	-	-	962 835	1 377 701
15619 Operations & Maintenance Water: Cathcart	2 235 931	-	-	-	2 235 931	603 092	-	-	603 092	-	-	-	-	-	603 092	-	-	-	603 092	1 632 839
15633 Operations & Maintenance Water: Maitlanddene	6 005 683	-	-</																	

2023	2023	2023		2022	2022	2022
Actual Income	Actual Expenditure	Surplus		Actual Income	Actual Expenditure	Surplus
R	R	R		R	R	R
RATES AND GENERAL SERVICES						
220 964	75 378 071	(75 157 107)	Strategic Manager	220 964	75 378 071	(75 157 107)
2 636 248,68	137 797 488	(135 161 239)	Corporate Services	2 636 248,68	148 494 817	(145 858 568)
31 397 157,17	137 264 130	(105 866 973)	Budget and Treasury	31 397 157,17	137 264 130	(105 866 973)
554 455 492,63	249 987 342	304 468 150	Engineering Services	554 455 492,63	249 987 342	304 468 150
6 429 048	108 986 941	(102 557 893)	Community services	6 429 048	108 986 941	(102 557 893)
939 262 000	52 088 057	887 173 943	Water and Sanitation management	939 262 000	52 088 057	887 173 943
443 316 284	642 906 820	(199 590 537)	Water Services	443 316 284	642 906 820	(199 590 537)
142 495 202	290 751 266	(148 256 064)	Sanitation Services	142 495 202	290 751 266	(148 256 064)
-4 096 141	48 467 886	(52 564 027)	Land Human Settlement & Economic Development	(4 096 141)	48 467 886	(52 564 027)
-9 310 946	57 678 092	(66 989 038)	Municipal Management		57 678 092	(57 678 092)
		-				-
2 106 805 310	1 801 306 094	305 499 215	Surplus/(Deficit) for the year	2 116 116 255	1 812 003 423	304 112 832

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023
APPENDIX F

DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA

As at 30 June 2023

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 22	Dec 22	March 23	June 23	Sept 22		Dec 22	March 23	June 23										
				R	R	R	R	R		R	R	R										
LOCAL GOVERNMENT - FINANCIAL MANAGEMENT GRANT (FMG) BUDGET REFORM	NT/COGTA	12-10000110	0	(1 200 000)	-	-	-	(1 200 000)	129 327	103 077	72 950	894 646	1 200 000	N/A	N/A	N/A	N/A	N/A		Yes	N/A	
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT/DPW	12-10000109	-	(1 350 000)	(2 250 000)	(1 499 000)	-	(4 999 000)	1 233 693	1 744 573	1 400 742	619 992	4 999 000	N/A	N/A	N/A	N/A	N/A		Yes	N/A	
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	12-10000105	(1 890 287)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A		Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT	DWS	12-10000106	(50 471 689)	(15 200 000)	(22 800 000)	-	-	(38 000 000)	-	60 706 634	53 871	27 261 552	88 022 067	N/A	N/A	48 000 000	N/A	N/A	Prior spending	Yes	N/A	
WATER SERVICES INFRASTRUCTURE GRANT- DROUGHT	DWS	12-10000107	-	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A		Yes	N/A
REGIONAL BULK INFRASTRUCTURE GRANT	DWS (R&G)	12-10000095	10	(36 240 546)	(13 010 431)	(2 289 525)	(15 107 271)	(66 627 814)	1 707 886	31 620 353	1 708 157	(1 476 571)	33 559 825	N/A	N/A	N/A	N/A	N/A		Yes	N/A	
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	12-10000099	(1 078 995)	(2 250 000)	-	-	-	(3 144 000)	951 973	1 444 588	1 824 505	4 222 586	N/A	N/A	N/A	N/A	N/A	N/A	Prior spending	Yes	N/A	
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	12-10000090	(48 531 863)	(99 912 000)	-	-	-	(395 140 000)	3 346 266	93 673 365	8 076 186	90 176 400	195 514 226	N/A	N/A	66 189 000	N/A	N/A	Prior spending	Yes	N/A	
MUNICIPAL DISASTER RELIEF GRANT	NT	12-10000146187	-	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A		Yes	N/A
MUNICIPAL DISASTER GRANT- DRILL BOREHOLE DUTYWIA	DWS	12-10000143	(440 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A		Yes	N/A
MUNICIPAL DISASTER GRANT- DRILL BOREHOLE INGBANE	DWS	12-10000142	36 271	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A		Yes	N/A
MUNICIPAL DISASTER GRANT- DRILL BOREHOLE DWESA REGION	DWS	12-10000149	(142 863)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A		Yes	N/A
ACAP- WWW INFRASTRUCTURE RETURNSH R3 3M	ACAP	12-10000084	(650 380)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A		Yes	N/A
LG SETA Grants	LG SETA	12-10000108 & 12-10000120		(1)	(222 000)	(768 308)	(517 650)	(1 905 963)	195 500	235 740	393 535	885 580	1 710 355	N/A	N/A	N/A	N/A	N/A		Yes	N/A	
MUNICIPAL DISASTER GRANT- COVID-19	NT	12-10000140	-	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A		Yes	N/A
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	12-10000086	(3 892 200)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
PLANNING GRANT DIA	DH>A	12-10000114	(1 456 032)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
MANGULWA WARD ON LEAS	DWS	12-10000084	296 703	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
SPRING WATER SUPPLY	DWS	12-10000084	8 443	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
WATER SERVICE SUPPORT	WATER SERVICE SUPPORT	12-10000084	(502 084)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
COMMUNAL WATER STATIONS (DST/ CSIR)	DWS	12-10000084	(309 585)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	12-10000084	(130 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
VICTORIA POST	DH>A	12-10000114	(152 256)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
TEKO SPRINGS/NOLOVINI	DH>A	12-10000114	(88 163)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
NEEDS CAMP	DH>A	12-10000114	(13 714)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
HOESBEEK	DH>A	12-10000114	(130 884)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
MAGA MAGA	DH>A	12-10000114	(41 903)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
WILLOWDALE	DH>A	12-10000114	(113 840)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
ELLIOTDALE	DH>A	12-10000114	(9 274)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
NOGOLWA	DH>A	12-10000114	(14 746)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
MICROBUNDU	DH>A	12-10000114	(27 530)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
HEFTZIG	DH>A	12-10000114	(84 078)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
GRACE TOP PLANNING FUNDS	DH>A	12-10000114	(4 078)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
MANGULWA PLANNING FUNDS	DH>A	12-10000114	(110 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
NOGOLWA PLANNING FUNDS	DH>A	12-10000114	(46 687)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
INOGOLWE PLANNING FUNDS	DH>A	12-10000114	(31 961)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
MANGULWA SURVEY	DH>A	12-10000114	(21 000)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
SURVEY INTEREST & CONTRIBUTION	DH>A	12-10000114	(61 480)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
NOGOLWA SURVEY FUNDS	DH>A	12-10000114	(177 510)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
INOGOLWE SURVEY	DH>A	12-10000114	(118 200)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
LEBOS SURVEY	DH>A	12-10000114	(141 120)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
PRUDOE ENGINEERING DESIGN	DH>A	12-10000117	(1 340)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
DOMONYE ENGINEERING DESIGN	DH>A	12-10000117	(8 499)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
WINDHOL ESTABLISHMENT GRANT	DH>A	12-10000117	(688)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
NOLOVINI ESTABLISHMENT GRANT	DH>A	12-10000117	(8 986)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
DUGATS ESTABLISHMENT GRANT	DH>A	12-10000117	(79 542)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
MANGULWA ESTABLISHMENT GRANT	DH>A	12-10000117	(16 848)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
PRUDOE ESTABLISHMENT GRANT	DH>A	12-10000117	(61 233)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
DOMONYE ESTABLISHMENT GRANT	DH>A	12-10000117	(76 679)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
TEKO SPRING ESTAB GRANT	DH>A	12-10000117	(35 962)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
NEEDS CAMP ESTABLISHMENT GRANT	DH>A	12-10000117	(66 212)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
TEKO SPRING TOP STRUCTURE	DH>A	12-10000117	(106 466)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
PRUDOE TOP STRUCTURE	DH>A	12-10000117	(647 353)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
DOMONYE TOP STRUCTURE	DH>A	12-10000117	(1 347 309)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
NEEDSCAMP TOP STRUCTURE	DH>A	12-10000117	(9 448)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
DUGATS TOP STRUCTURE SUBSIDY	DH>A	12-10000117	(23 234)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
MURUS TOP STRUCTURE	DH>A	12-10000117	(3 616)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
LILLYVALE KANGERS BEACH ESTABLISHMENT GRANT	DH>A	12-10000117	(7 643)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
KANGERS BEACH HOUSING PROJECT	DH>A	12-10000117	(18 891)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
LILLYVALE ENG DESIGNS	DH>A	12-10000117	(5 940)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
RESTITUTION AWARD (DIA)	DH>A	12-10000114	(3 687 962)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	DH>A	12-10000114	(1 215)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
ENVIRONMENTAL IMPACT ASSESSMENT	DH>A	12-10000114	(1 291 252)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
SDG MONITORING	DH>A	12-10000114	(1 394 200)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			
BAMA FALLS LED	DEDA	12-10000119	(102 936)	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A			

ELUOTIABLE BRICK MAKING	DEDEA	1210000119	(132 803)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2023

APPENDIX F

DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA

as at 30 June 2022

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 22	Dec 22	March 22	June 22		Sept 22	Dec 22	March 22	June 22		Sept 22	Dec 22	March 22	June 22			
				R	R	R	R		R	R	R	R		R	R	R	R			
EC INFORMATION INITIATIVE SUPPORT	DEDEA	1210000119	(5 755)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ECOT- BUTHERWORTH INTERCHANGE	ECOT	1210000076	(1 506 944)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ROOF TOP RAIN WATER HARVESTING	DWS	1210000084	(9 900)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NGQULU RAIN WATER HARVESTING	DWS	1210000084	(5 705)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SWIMMING ALL WOMEN'S PROJECT	DEDEA	1210000119	(7 363)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BALFOUR SAMMILLS	DEDEA	1210000119	(8 018)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HIGHLANDS RESORTS	DEDEA	1210000119	(75 836)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRODE BRICKS MAKING	DEDEA	1210000119	(1 460)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
INWUTHALO HYDROPONICS	DEDEA	1210000119	(1 524)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CAPACITY BUILDING FOR LMS	DHLG&TA	1210000072	(5 126)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LESS CAPACITY BUILDING - INDUSHEMBA	DHLG&TA	1210000114	(100 000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CHATHA DEVELOPMENT	DHLG&TA	1210000114	(2 433 458)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PHISOLANO REGIONAL AUTHORITY	DPHS	1210000116	(100 278)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DMBSA - CWBEE RESTITUTIONAL	DHLG&TA	1210000114	(5 308 503)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CO-OPERATIVES SPECIALIST	DEDEA	1210000114	(22 280)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOURISM SURVEY	DEDEA	1210000114	(12 126)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NIUBA DAM CHALET'S DEVELOPMENT	DHLG&TA	1210000114	(6 264)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLUGHSHING CONTRACTORS WARD 10	COMMUNITY	1210000118	(1 153)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLUGHSHING CONTRACTOR NGQAKANA	COMMUNITY	1210000118	(1 642)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLUGHSHING CONTRACTOR - Ward 11	COMMUNITY	1210000118	(1 513)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MONA AWARDS	OHWP	1210000122	(9 269)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PUBLIC AWARENESS	OHWP	1210000121	(86)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	OHWP	1210000114	(18 338)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HOUMAN SETTLEMENTS DROUGHT RELIEF KATHI KATHI	DWS	1210000114	(2 476 244)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL GRANT PROVIDERS			(129 876 291)	(156 234 585)	(38 628 740)	(380 848 175)	(15 504 378)	(511 415 879)	7 964 644	188 330 250	11 705 442	120 388 113	329 388 449	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Amathole District Municipality

Annul Financial Statements for the year ended 30 June 2023

Annexure 1

	Funder/ Transferring Department	Unspent GL Account on TB	SAP Fund Number	Balance at 01/07/2022	Contributions received during the year	Reversal of Accrued Income	Roll overs returned	Expenditure during the year	Balance at 30/06/2023
CONDITIONAL GRANTS AND RECEIPTS				R	R	R	R	R	R
NATIONAL GOVERNMENT GRANTS									
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	NT/COGTA	1210000110	1604100007	-	(1 200 000)	-	-	1 200 000	-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT/DWP	1210000109	1604100008	-	(4 999 000)	-	-	4 999 000	-
WATER SERVICES INFRASTRUCTURE GRANT	DWS	1210000106	1604100011	(50 471 669)	(38 000 000)	-	50 471 669	37 550 388	(449 612)
REGIONAL BULK INFRASTRUCTURE GRANT	DWS (RBIG)	1210000095	1604100010	-	(66 627 814)	30 447 057	-	33 559 825	(2 620 933)
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	1210000099	1604100012	(1 078 990)	(3 144 000)	-	1 078 990	3 143 996	(4)
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	1210000080	1604100014	(40 430 885)	(395 540 000)	-	40 430 885	155 243 341	(240 296 659)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	DWS	1210000161	1604100041	(460 000)	-	-	-	-	(460 000)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENQABANE	DWS	1210000162	1604100041	36 271	-	-	-	-	36 271
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	DWS	1210000163	1604100041	(142 865)	-	-	-	-	(142 865)
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	1210000105	1604100041	(1 899 287)	-	-	-	-	(1 899 287)
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	DWS	1210000084	1604100041	(650 289)	-	-	-	-	(650 289)
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	1210000084	1604100041	(193 316)	-	-	-	-	(193 316)
MSIG: DATA CLEANSING PROJECT NIKONKBE PH2	NT	1210000091	1604100041	-	-	-	-	-	-
MINQUMA WAR ON LEAKS	DWS	1210000084	1604100041	296 703	-	-	-	-	296 702.60
SHIVINI WATER SUPPLY	DWS	1210000084	1604100041	(6 487)	-	-	-	-	(6 487)
WATER SERVICE SUPPORT	DWS	1210000084	1604100041	(562 068)	-	-	-	-	(562 068)
COMMUNAL WATER STATIONS (DS7/ CSIR)	DWS	1210000084	1604100041	(309 585)	-	-	-	-	(309 585)
EBEE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	1210000084	1604100041	(330 000)	-	-	-	-	(330 000)
TOTAL NATIONAL GOVERNMENT GRANTS				(96 193 465)	(509 510 814)	30 447 057	91 981 544	235 696 550	(247 579 129)
PROVINCIAL GOVERNMENT GRANTS									
PLANNING GRANT DIA	DHLG&TA	1210000114	12100000114	(1 456 032)	-	-	-	-	(1 456 032)
VICTORIA POST	DHLG&TA	1210000114	1210000114	(152 250)	-	-	-	-	(152 250)
TEKO SPRINGS/NOLOVINI	DHLG&TA	1210000114	1210000114	(68 161)	-	-	-	-	(68 161)
NEEDS CAMP	DHLG&TA	1210000114	1210000114	(33 714)	-	-	-	-	(33 714)
HOGSBACK	DHLG&TA	1210000114	1210000114	(130 884)	-	-	-	-	(130 884)
HAGA HAGA	DHLG&TA	1210000114	1210000114	(41 923)	-	-	-	-	(41 923)
WILLOWVALE	DHLG&TA	1210000114	1210000114	(171 954)	-	-	-	-	(171 954)
ELLIOTDALE	DHLG&TA	1210000114	1210000114	(9 274)	-	-	-	-	(9 274)
NDEVANA	DHLG&TA	1210000114	1210000114	(34 766)	-	-	-	-	(34 766)
MSOBOMVU	DHLG&TA	1210000114	1210000114	(57 530)	-	-	-	-	(57 530)
HERTZOG	DHLG&TA	1210000114	1210000114	(84 070)	-	-	-	-	(84 070)
GREAT KUI PLANNING FUNDS	DHLG&TA	1210000114	1210000114	(4 029)	-	-	-	-	(4 029)
MINQUMA PLANNING FUNDS	DHLG&TA	1210000114	1210000114	(110 000)	-	-	-	-	(110 000)
NGQUSHWA PLANNING FUNDS	DHLG&TA	1210000114	1210000114	(46 667)	-	-	-	-	(46 667)
NKONKUBE PLANNING FUNDS	DHLG&TA	1210000114	1210000114	(53 063)	-	-	-	-	(53 063)
MINQUMA SURVEY	DHLG&TA	1210000114	1210000114	(25 000)	-	-	-	-	(25 000)
SURVEY INTEREST & CONTRIBUTION	DHLG&TA	1210000114	1210000114	(61 680)	-	-	-	-	(61 680)
NGQUSHWA SURVEY FUNDS	DHLG&TA	1210000114	1210000114	(177 510)	-	-	-	-	(177 510)
NKONKUBE SURVEY	DHLG&TA	1210000114	1210000114	(116 200)	-	-	-	-	(116 200)
LEWIS SURVEY	DHLG&TA	1210000114	1210000114	(141 125)	-	-	-	-	(141 125)
PRUDOE ENGINEERING DESIGN	DHLG&TA (PHP)	1210000117	1210000117	(1 348)	-	-	-	-	(1 348)
DONGWE ENGINEERING DESIGN	DHLG&TA (PHP)	1210000117	1210000117	(9 499)	-	-	-	-	(9 499)
KUBUSIE ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(6 698)	-	-	-	-	(6 698)
NOLOVINI ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(8 986)	-	-	-	-	(8 986)
DUKATS ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(70 542)	-	-	-	-	(70 542)
MACLEANTOWN ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(16 849)	-	-	-	-	(16 849)
PRUDOE ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(51 233)	-	-	-	-	(51 233)
DONGWE ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(76 675)	-	-	-	-	(76 675)
TEKO SPRING ESTAB GRANT	DHLG&TA (PHP)	1210000117	1210000117	(35 082)	-	-	-	-	(35 082)
NEEDS CAMP ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(66 227)	-	-	-	-	(66 227)
TEKO SPRING TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(106 438)	-	-	-	-	(106 438)
PRUDOE TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(447 353)	-	-	-	-	(447 353)
DONGWE TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(1 347 309)	-	-	-	-	(1 347 309)
NEEDSCAMP TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(3 838)	-	-	-	-	(3 838)
DUKATS TOP STRUCTURE SUBSIDY	DHLG&TA (PHP)	1210000117	1210000117	(23 234)	-	-	-	-	(23 234)
KUBUSIE TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(3 816)	-	-	-	-	(3 816)
LILLYVALE KAYSERS BEACH ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(2 643)	-	-	-	-	(2 643)
KAYSERS BEACH HOUSING PROJECT	DHLG&TA (PHP)	1210000117	1210000117	(18 881)	-	-	-	-	(18 881)
LILLYVALE ENG DESIGNS	DHLG&TA (PHP)	1210000117	1210000117	(5 940)	-	-	-	-	(5 940)
RESTITUTION AWARD (DLA)	DHLG&TA	1210000114	1210000114	(3 697 062)	-	-	-	-	(3 697 062)
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	DEDEA	1210000114	1210000114	(3 215)	-	-	-	-	(3 215)
ENVIRONMENTAL IMPACT ASSESSMENT	DEDEA	1210000114	1210000114	(739 235)	-	-	-	-	(739 235)
GEO HYDROLOGY	DEDEA	1210000114	1210000114	(1 384 200)	-	-	-	-	(1 384 200)
BAWA FALLS LED	DEDEA	1210000119	1210000119	(102 936)	-	-	-	-	(102 936)
ELLIOTDALE BRICK MAKING	DEDEA	1210000119	1210000119	(232 803)	-	-	-	-	(232 803)
EC INFORMATION INITIATIVE SUPPORT	DEDEA	1210000119	1210000119	(5 755)	-	-	-	-	(5 755)
ECODOT: BUTTERWORTH INTERCHANGE	ECODOT	1210000076	1210000076	(1 506 964)	-	-	-	-	(1 506 964)
ROOF TOP RAIN WATER HARVESTING	DWS	1210000084	1210000084	(3 900)	-	-	-	-	(3 900)
NGQUSHWA RAIN WATER HARVESTING	DWS	1210000084	1210000084	(5 700)	-	-	-	-	(5 700)
SILWINDALA WOMEN'S PROJECT	DEDEA	1210000119	1210000119	(2 303)	-	-	-	-	(2 303)
BALFOUR SAWMILLS	DEDEA	1210000119	1210000119	(8 019)	-	-	-	-	(8 019)
HIGHLANDS RESORTS	DEDEA	1210000119	1210000119	(75 836)	-	-	-	-	(75 836)
PEDDIE BRICKS MAKING	DEDEA	1210000119	1210000119	(1 495)	-	-	-	-	(1 495)
INKUTHALO HYDROPONICS	DEDEA	1210000119	1210000119	(1 524)	-	-	-	-	(1 524)
CAPACITY BUILDING FOR LMY'S	DHLG&TA	1210000072	1210000072	(5 128)	-	-	-	-	(5 128)
LED CAPACITY BUILDING - NGQUSHWA	DEDEA	1210000114	1210000114	(350 000)	-	-	-	-	(350 000)
CHATHA DEVELOPMENT	DEDEA	1210000114	1210000114	(2 413 456)	-	-	-	-	(2 413 456)
FINGOLAND REGIONAL AUTHORITY	DPLG	1210000116	1210000116	(101 278)	-	-	-	-	(101 278)
DWESA - CWEBE RESTITUTIONAL	DHLG&TA	1210000114	1210000114	(5 308 303)	-	-	-	-	(5 308 303)
CO-OPERATIVES SPECIALIST	DEDEA	1210000114	1210000114	(22 280)	-	-	-	-	(22 280)
TOURISM SURVEY	DEDEA	1210000114	1210000114	(12 130)	-	-	-	-	(12 130)
NOUBA DAM CHALETS DEVELOPMENT	DEDEA	1210000114	1210000114	(6 264)	-	-	-	-	(6 264)
VUNA AWARDS	Other	1210000122	1210000122	(9 289)	-	-	-	-	(9 289)
PUBLIC AWARENESS	Other	1210000121	1210000121	(365)	-	-	-	-	(365)
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	DEDEA	1210000114	1210000114	(18 338)	-	-	-	-	(18 338)
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	DWS	1210000114	1210000114	(3 378 284)	-	-	-	-	(3 378 284)
PROVINCIAL GOVERNMENT GRANTS				(24 678 483)	-	-	-	-	(24 678 483)
OTHER GRANT PROVIDERS									
LG SETA Grants	LG SETA	1210000108 & 1210000120	1210000108/ 1210000120	(1)	(1 905 065)	-	-	1 710 355	(194 711)
PLOUGHING CONTRACTORS-WARD 10	COMMUNITY	1210000118	1210000118	(1 155)	-	-	-	-	(1 155)
PLOUGHING CONTRACTOR-NGXAKAKA	COMMUNITY	1210000118	1210000118	(1 642)	-	-	-	-	(1 642)
PLOUGHING CONTRACTOR - Ward 15	COMMUNITY	1210000118	1210000118	(1 513)	-	-	-	-	(1 513)
TOTAL OTHER GRANT PROVIDERS				(4 311)	(1 905 065)	-	-	1 710 355	(199 022)
TOTAL GRANTS				(120 876 259)	(511 415 879)	30 447 057	91 981 544	237 406 905	(272 456 633)

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2023
Annexure 2
Appropriation Statement

	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 - 2023											
Financial Performance											
Service charges	670 241 489	(42 633 687)	627 607 802	-	-	627 607 802	516 068 422	-	(111 539 380)	82%	77%
Investment revenue	1 568 638	14 588 083	16 156 721	-	-	16 156 721	23 992 186	-	7 835 465	148%	1529%
Donations received	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	1 087 791 355	25 345 034	1 113 136 389	-	-	1 113 136 389	998 207 856	-	(114 928 533)	90%	92%
Other own revenue	25 385 327	12 330 697	37 716 024	-	-	37 716 024	53 101 295	-	15 385 271	141%	209%
Total revenue (excluding capital transfers and contributions)	1 784 986 809	9 630 127	1 794 616 936	-	-	1 794 616 936	1 591 369 759	-	(203 247 177)	89%	89%
Employee costs	797 819 710	(24 255 838)	773 563 872	-	-	773 563 872	(639 920 825)	-	133 643 047	-83%	-80%
Remuneration of councillors	15 128 649	-	15 128 649	-	-	15 128 649	(14 367 235)	-	761 414	-95%	-95%
Debt impairment	185 309 605	104 604 560	289 914 165	-	-	289 914 165	(400 229 325)	-	(110 315 160)	-138%	-216%
Depreciation and asset impairment	231 891 557	(23 624 564)	208 266 993	-	-	208 266 993	(154 746 071)	-	53 520 922	-74%	-67%
Finance charges	97 971	-	97 971	-	-	97 971	(46 436 287)	-	(46 338 316)	-47398%	-47398%
Inventory consumed	23 876 033	(400 000)	23 476 033	-	-	23 476 033	(131 616 372)	-	(108 140 339)	-561%	-551%
Other expenditure	373 471 336	(4 654 628)	368 816 708	-	-	368 816 708	(326 995 922)	-	41 820 786	-89%	-88%
Total expenditure	1 627 594 861	51 669 530	1 679 264 391	-	-	1 679 264 391	(1 714 312 037)	-	(35 047 646)	-102%	-105%
Surplus/ (Deficit)	157 391 948	(42 039 403)	115 352 545	-	-	115 352 545	(122 942 278)	-	(238 294 823)	-107%	-78%
Transfers recognised - capital	754 658 644	(143 520 243)	611 138 401	-	-	611 138 401	198 526 049	-	(412 612 352)	32%	26%
Surplus / (Deficit) after capital transfers and contributions	912 050 592	(185 559 646)	726 490 946	-	-	726 490 946	75 583 771	-	(650 907 175)	10%	8%
Capital expenditure and funds sources											
Total capital expenditure	692 228 824	(112 894 438)	579 334 386	-	-	579 334 386	165 463 764	-	(413 870 622)	29%	24%
Source of capital funds											
Transfers recognised - capital	669 528 824	(95 879 438)	573 649 386	-	-	573 649 386	198 526 049	-	(375 123 337)	35%	30%
Internally generated funds	22 700 000	(17 015 000)	5 685 000	-	-	5 685 000	-	-	-	#DIV/0!	0%
Total sources of capital funds	692 228 824	(112 894 438)	579 334 386	-	-	573 649 386	198 526 049	-	(375 123 337)	35%	29%

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)	916 787 995	(255 262 035)	659 957 322	-		659 957 322	356 133 037		(303 824 285)	54%	39%
Net cash from investing (used)	(468 495 179)	-110 839 207	(579 334 386)	-		(579 334 386)	(11 689 064)		567 645 322	2%	2%
Net cash from financing (used)	-	-	-	-		-	-		-	#DIV/0!	#DIV/0!
Net increase /(decrease) in cash and cash equivalents	448 292 816	(366 101 242)	82 191 574	-		82 191 574	344 443 973		263 821 037	419%	77%
Cash and cash equivalents at the beginning of the year	79 298 227	140 218 438	219 516 665	-		219 516 665	218 675 011		218 675 011	100%	100%
Cash and cash equivalents at the end of the year	527 591 043	(225 882 804)	301 708 239	-		301 708 239	563 118 984		482 496 048	187%	107%

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2023
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	2022/2023										2021/2022				
	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															
<i>Government and administration</i>	278 511	28 427	306 938	–	–	306 938	26 641	–	280 297	RDV/DI	RDV/DI	–	–	–	1 226 898
Executive and council	19 445	–	19 445	–	–	19 445	599	–	18 846	3%	3%	–	–	–	1 208 383
Finance and administration	259 066	28 427	287 492	–	–	287 492	26 042	–	261 450	9%	10%	–	–	–	18 515
Internal audit	–	–	–	–	–	–	–	–	–	RDV/DI	RDV/DI	–	–	–	–
<i>Community and public safety</i>	126 913	8 969	135 882	–	–	135 882	7 556	–	128 326	0	0	–	–	–	–
Community and social services	–	–	–	–	–	–	–	–	–	RDV/DI	RDV/DI	–	–	–	–
Sport and recreation	–	–	–	–	–	–	–	–	–	RDV/DI	RDV/DI	–	–	–	–
Public safety	10 241	–	10 241	–	–	10 241	7 525	–	2 717	73%	73%	–	–	–	–
Housing	24 306	8 969	33 276	–	–	33 276	–	–	33 276	0%	0%	–	–	–	–
Health	92 365	–	92 365	–	–	92 365	31	–	92 333	0%	0%	–	–	–	–
<i>Economic and environmental services</i>	69 411	5 621	75 232	–	–	75 232	8 107	–	67 125	0	0	–	–	–	10 433
Planning and development	66 175	5 912	72 088	–	–	72 088	4 963	–	67 125	7%	8%	–	–	–	10 433
Road transport	8 235	(91)	8 144	–	–	8 144	–	–	0	100%	97%	–	–	–	–
<i>Trading services</i>	2 064 811	(166 866)	1 897 945	–	–	1 897 945	1 747 593	–	150 354	RDV/DI	RDV/DI	–	–	–	639 849
Water	1 886 545	(136 823)	1 749 722	–	–	1 749 722	1 623 043	–	146 680	92%	85%	–	–	–	–
Waste water management	178 266	(30 043)	148 223	–	–	148 223	144 346	–	3 877	97%	81%	–	–	–	638 340
Waste management	–	–	–	–	–	–	203	–	(203)	RDV/DI	RDV/DI	–	–	–	1 509
Total Revenue - Standard	2 539 645	(123 649)	2 415 997	–	–	2 415 997	1 789 896	–	1 252 202	RDV/DI	RDV/DI	–	–	–	1 877 180
Expenditure - Standard															
<i>Government and administration</i>	467 987	(9 580)	458 407	–	–	458 407	377 315	(22 965)	81 142	0	0	(12 022)	(12 022)	–	823 164
Executive and council	95 074	(10 957)	84 116	–	–	84 116	106 372	(22 236)	(22 236)	126%	112%	(7 362)	(7 362)	–	300 301
Finance and administration	360 623	1 220	361 843	–	–	361 843	257 745	–	104 097	71%	71%	–	–	–	312 095
Internal audit	12 291	207	12 498	–	–	12 498	13 198	(699)	(699)	106%	107%	(4 660)	(4 660)	–	10 768
<i>Community and public safety</i>	132 256	5 122	137 379	–	–	137 379	99 671	–	37 708	RDV/DI	RDV/DI	–	–	–	74 785
Community and social services	10 257	(1 268)	8 989	–	–	8 989	7 025	–	1 965	78%	68%	–	–	–	7 754
Sport and recreation	–	–	–	–	–	–	–	–	–	RDV/DI	RDV/DI	–	–	–	–
Public safety	69 979	(1 770)	68 209	–	–	68 209	61 556	–	6 653	–	–	–	–	–	45 338
Housing	1 925	9 127	11 052	–	–	11 052	1 368	–	9 684	12%	71%	–	–	–	(19 059)
Health	50 095	(867)	49 129	–	–	49 129	29 732	–	19 396	61%	39%	–	–	–	40 752
<i>Economic and environmental services</i>	118 076	5 614	123 690	–	–	123 690	106 392	–	17 299	0	0	–	–	–	69 638
Planning and development	114 194	5 394	119 588	–	–	119 588	102 751	–	16 837	86%	90%	–	–	–	68 705
Road transport	3 882	220	4 102	–	–	4 102	3 641	–	462	89%	94%	–	–	–	933
<i>Trading services</i>	909 275	50 463	959 738	–	–	959 738	1 099 151	–	(139 412)	0	0	–	–	–	736 067
Water	677 273	43 778	721 051	–	–	721 051	864 348	–	(143 297)	120%	128%	–	–	–	527 796
Waste water management	229 894	6 510	236 403	–	–	236 403	229 687	–	6 717	97%	100%	–	–	–	200 317
Waste management	2 108	175	2 284	–	–	2 284	5 116	–	(2 832)	234%	243%	–	–	–	7 953
Total Expenditure - Standard	1 627 595	52 670	1 679 264	–	–	1 679 264	1 682 526	(22 965)	(3 264)	RDV/DI	RDV/DI	(12 022)	(12 022)	–	1 583 654
Surplus/(Deficit) for the year	912 051	(175 318)	736 732	–	–	736 732	107 369	22 965	1 255 466	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	2022/23										2021/2022				
	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.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
R thousand															
Revenue by Vote															
Vote 1 - STRATEGIC MANAGEMENT S2	36 493	10	36 503	–	–	36 503	0	–	36 503	0%	0%	–	–	–	221
Vote 2 - CORPORATE SERVICES S3	101 257	1 508	102 765	–	–	102 765	2 624	–	100 141	3%	100%	–	–	–	14 821
Vote 3 - BTO S4	157 808	26 919	184 727	–	–	184 727	23 426	–	161 301	13%	15%	–	–	–	31 397
Vote 4 - ENGINEERING S5	2 092 730	(171 863)	1 920 866	–	–	1 920 866	1 751 038	–	169 828	91%	84%	–	–	–	554 455
Vote 5 - COMMUNITY SERVICES S6	102 606	–	102 606	–	–	102 606	7 556	–	95 050	7%	7%	–	–	–	–
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT S7	29 305	19 778	49 084	–	–	49 084	4 660	–	44 424	9%	16%	–	–	–	6 429
Vote 7 - MUNICIPAL MANAGEMENT S8	19 445	–	19 445	–	–	19 445	591	–	18 854	3%	3%	–	–	–	939 262
Total Revenue by Vote	2 539 645	(123 649)	2 415 997	–	–	2 415 997	1 789 896	–	626 101			–	–	–	1 546 586
Expenditure by Vote to be appropriated															
Vote 1 - STRATEGIC MANAGEMENT S2	101 622	4 556	106 178	–	–	106 178	71 261	0	34 917	67%	70%	–	–	–	–
Vote 2 - CORPORATE SERVICES S3	184 745	2 929	187 674	–	–	187 674	140 885	–	46 789	75%	76%	–	–	–	–
Vote 3 - BTO S4	156 980	(3 191)	153 790	–	–	153 790	125 498	–	28 292	82%	100%	–	–	–	–
Vote 4 - ENGINEERING S5	939 238	51 684	990 921	–	–	990 921	1 125 596	(134 675)	(134 675)	114%	120%	(134 675)	(134 675)	–	–
Vote 5 - COMMUNITY SERVICES S6	132 793	(6 466)	126 327	–	–	126 327	98 313	–	28 014	78%	74%	–	–	–	–
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT S7	50 950	17 670	68 620	–	–	68 620	42 008	–	26 612	61%	82%	–	–	–	–
Vote 7 - MUNICIPAL MANAGEMENT S8	61 267	(15 513)	45 754	–	–	45 754	78 967	(33 212)	(33 212)	173%	129%	–	–	(33 212)	–
Total Expenditure by Vote	1 627 595	51 670	1 679 264	–	–	1 679 264	1 682 528	(167 887)	(3 264)			(134 675)	(167 887)	–	–
Surplus/(Deficit) for the year	912 051	(175 318)	736 732	–	–	736 732	107 368	167 887	629 365			134 675	167 887	–	1 546 586

Amathole District Municipality
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Annexure 3

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

Description	2022/2023							2021/2022			
	Original Budget	Budget Adjustments (i.t.o. s128 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	488 400	(2 349)	486 051	–	–	486 051	386 077			–	371 634
Service charges - sanitation revenue	171 600	(30 043)	141 557	–	–	141 557	122 063			–	145 442
Service charges - other	10 241		10 241	–	–	10 241	7 928			–	7 245
Rental of facilities and equipment	385		385	–	–	385	289			–	239
Interest earned - external investments	1 569	14 588	16 157	–	–	16 157	23 992			–	12 710
Interest earned - outstanding debtors	25 000	12 331	37 331	–	–	37 331	51 381			–	54 007
Fines			–	–	–	–	–			–	–
Transfers recognised - operational	1 087 791	25 345	1 113 136	–	–	1 113 136	998 208			–	1 168 987
Grants and subsidies			–	–	–	–	–			–	–
Other revenue			–	–	–	–	1 431			–	3 312
Gains on disposal of PPE			–	–	–	–	–			–	–
Total Revenue (excluding capital transfers and contributions)	1 784 987	19 872	1 804 858	–	–	1 804 858	1 591 370	–	–	–	1 763 576
Expenditure By Type											
Employee related costs	797 820	(24 256)	773 564	–	–	773 564	639 921	–		–	693 529
Remuneration of councillors	15 129		15 129	–	–	15 129	14 367	(761)		–	14 716
Debt impairment	185 310	104 605	289 914	–	–	289 914	400 229	110 315		–	473 003
Depreciation & asset impairment	231 892	(23 625)	208 267	–	–	208 267	154 746	–		–	165 195
Finance charges	98		98	–	–	98	46 436	46 338		–	33 682
Inventory consumed	23 876	(400)	23 476	–	–	23 476	131 616	108 140		–	360 795
Contracted services	81 138	35 620	116 758	–	–	116 758	81 021	–		–	73 637
Transfers and grants	10 000		10 000	–	–	10 000	10 761	–		–	10 811
Other expenditure	282 333	(40 275)	242 059	–	–	242 059	235 214	(6 844)		–	239 802
Loss on disposal of PPE		–	–	–	–	–	(420)	–		420	2 485
Total Expenditure	1 627 595	51 670	1 679 264	–	–	1 679 264	1 713 892	257 188	420	–	2 067 624
Surplus/(Deficit)	157 392	(31 798)	125 594	–	–	125 594	(122 522)	(257 188)	(420)	–	(304 048)
Transfers recognised - capital	754 659	(143 520)	611 138	–	–	611 138	198 526	–	412 612	–	342 388
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	912 051	(175 318)	736 732	–	–	736 732	76 004	–	412 612	–	38 340
Taxation	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	912 051	(175 318)	736 732	–	–	736 732	76 004	–	412 612	–	38 340
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	912 051	(175 318)	736 732	–	–	736 732	76 004	–	412 612	–	38 340
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	912 051	(175 318)	736 732	–	–	736 732	76 004	–	412 612	–	38 340

Amathole District Municipality
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Annexure 3

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

Vote Description	2022/2023											2021/2022			
	Original Budget	Budget Adjustments (I.L.O. 128 and 131 of the MFMA)	Final adjustments budget	Shifting of funds (I.L.O. 131 of the MFMA)	Virement (I.L.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 1 - STRATEGIC MANAGEMENT S2	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 2 - CORPORATE SERVICES S3	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 3 - BTO S4	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 4 - ENGINEERING S5	669 279	(119 359)	549 919	–	–	549 919	208 075	–	341 845	38%	31%	–	–	–	232 107
Vote 5 - COMMUNITY SERVICES S6	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT S7	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 7 - MUNICIPAL MANAGEMENT S8	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Capital multi-year expenditure sub-total	669 279	(119 359)	549 919	–	–	549 919	208 075	–	341 845						232 107
Single-year expenditure															
Vote 1 - STRATEGIC MANAGEMENT S2	22 000	–	22 000	–	–	22 000	1 486	20 514	20 514	7%	7%	–	–	–	23 149
Vote 2 - CORPORATE SERVICES S3	–	3 085	3 085	–	–	3 085	1 938	–	1 147	63%	#DIV/0!	–	–	–	–
Vote 3 - BTO S4	250	(120)	130	–	–	130	521	(391)	(391)	0%	0%	(391)	–	–	310
Vote 4 - ENGINEERING S5	–	3 500	3 500	–	–	3 500	2 595	–	905	74%	#DIV/0!	–	–	–	–
Vote 5 - COMMUNITY SERVICES S6	700	–	700	–	–	700	35	–	665	5%	5%	–	–	–	464
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT S7	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 7 - MUNICIPAL MANAGEMENT S8	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Capital single-year expenditure sub-total	22 950	6 465	29 415	–	–	29 415	6 576	20 123	22 839	#DIV/0!	#DIV/0!	(391)	–	–	23 924
Total Capital Expenditure - Vote	692 229	(112 894)	579 334	–	–	579 334	214 651	20 123	364 684	#DIV/0!	#DIV/0!	(391)	–	–	256 031
Capital Expenditure - Standard															
Governance and administration	2 250	2 965	5 215	–	–	5 215	3 911	(96)	1 304	#DIV/0!	#DIV/0!	–	–	–	310
Executive and council	–	1 400	1 400	–	–	1 400	–	–	1 400	0%	#DIV/0!	–	–	–	–
Finance and administration	2 250	1 565	3 815	–	–	3 815	3 911	(96)	(96)	103%	174%	–	–	–	310
Internal audit	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Community and public safety	700	–	700	–	–	700	35	–	665	#DIV/0!	#DIV/0!	–	–	–	464
Community and social services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Sport and recreation	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Public safety	500	–	500	–	–	500	35	–	465	7%	7%	–	–	–	464
Housing	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Health	200	–	200	–	–	200	–	–	200	0%	0%	–	–	–	–
Economic and environmental services	20 000	–	20 000	–	–	20 000	89	19 911	19 911	0	0	–	–	–	23 149
Planning and development	20 000	–	20 000	–	–	20 000	89	19 911	19 911	0%	0%	–	–	–	23 149
Road transport	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Trading services	669 279	(115 859)	553 419	–	–	553 419	210 615	–	342 804	#DIV/0!	#DIV/0!	–	–	–	232 107
Water	625 556	(72 196)	553 419	–	–	553 419	210 615	–	342 804	38%	34%	–	–	–	232 107
Waste water management	43 723	(43 723)	–	–	–	–	–	–	–	#DIV/0!	0%	–	–	–	–
Waste management	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Total Capital Expenditure - Standard	692 229	(112 894)	579 334	–	–	579 334	214 651	19 814	364 684	#DIV/0!	#DIV/0!	–	–	–	256 031
Funded by:															
National Government	669 529	(99 908)	569 621	–	–	569 621	210 468	–	359 153	37%	31%	–	–	–	256 031
Provincial Government	–	4 029	4 029	–	–	4 029	–	–	4 029	0%	#DIV/0!	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Transfers recognised - capital	669 529	(95 879)	573 649	–	–	573 649	210 468	–	363 182						256 031
Public contributions & donations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	22 700	(17 015)	5 685	–	–	5 685	4 183	–	1 502	74%	18%	–	–	–	–
Total Capital Funding	692 229	(112 894)	579 334	–	–	579 334	214 651	–	364 684	#DIV/0!	#DIV/0!	–	–	–	256 031

Amathole District Municipality

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Annexure 3

Reconciliation of Table A7 Budgeted Cash Flows

Description	2022/2023								2021/2022
	Original Budget	Budget Adjustments (i.t.o. 528)	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	1 310 087	20 522	1 329 041	1 329 041	1 271 555	57 486	0	0	2 335 204
Ratepayers and other	567 976	(232 950)	335 025	335 025	50 829	284 196	15%	9%	811 118
Government - operating	64 052	260 969	325 021	325 021	998 208	(673 187)	307%	1558%	1 168 987
Government - capital	676 491	(7 496)	668 995	668 995	198 526	470 469	30%	29%	342 388
Interest	1 569	—	—	—	23 992	(23 992)	100%	100%	12 710
Payments	(393 299)	(275 784)	(669 084)	(669 084)	(1 067 003)	(1 064 781)	#DIV/0!	#DIV/0!	95 714
Suppliers and employees	—	—	—	—	(1 045 873)	(1 058 065)	#DIV/0!	#DIV/0!	110 865
Finance charges	(393 299)	(275 784)	(669 084)	(669 084)	(21 129)	(6 716)	100%	100%	(15 151)
Other	—	—	—	—	—	—	100%	100%	—
NET CASH FROM/(USED) OPERATING ACTIVITIES	916 788	(255 262)	659 957	659 957	204 553	(1 007 295)	#DIV/0!	#DIV/0!	2 430 918
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts	—	—	—	—	—	—	0	0	(2 000)
Proceeds on disposal of PPE	—	—	—	—	—	—	100%	100%	—
Increase in Investment property	—	—	—	—	—	—	100%	100%	—
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	100%	100%	—
Decrease (Increase) other non-current receivables	—	—	—	—	—	—	100%	100%	—
Decrease (Increase) in financial assets	—	—	—	—	—	—	100%	100%	(2 000)
Payments	(468 495)	(110 839)	(579 334)	(579 334)	(11 689)	(567 645)	0	0	(142 184)
Capital assets	(468 495)	(110 839)	(579 334)	(579 334)	(11 689)	(567 645)	2%	2%	(142 184)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(468 495)	(110 839)	(579 334)	(579 334)	(11 689)	(567 645)	0	0	(144 184)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts	—	—	—	—	—	—	—	—	(159)
Reserves	—	—	—	—	—	—	—	—	—
Finance lease payments	—	—	—	—	—	—	—	—	(159)
Increase (decrease) in consumer deposits	—	—	—	—	—	—	100%	100%	—
Payments	—	—	—	—	—	—	0	0	—
Repayment of borrowing	—	—	—	—	—	—	100%	100%	—
NET CASH FROM/(USED) FINANCING ACTIVITIES	—	—	—	—	—	—	—	—	(159)
NET INCREASE/ (DECREASE) IN CASH HELD	448 293	(366 101)	82 192	82 192	192 864	(1 574 941)	#DIV/0!	#DIV/0!	2 286 574
Cash/cash equivalents at the year begin:	79 298	140 218	219 517	219 517	218 675	842	100%	276%	84 581
Cash/cash equivalents at the year end:	527 591	(225 883)	301 708	301 708	411 539	(109 830)	136%	78%	218 675