AUDITOR-GENERAL
SOUTH AFRICA

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30 November 2021 L.M

CAPE WINELANDS DISTRICT

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

Annual Financial Statements 2020/21

AUDITOR-GENERAL SOUTH AFRICA
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30 November 2021 L.M

General Information

Legal form of entity

Municipality (MFMA)

The Cape Winelands District Municipality (Municipal code DC2) is a district municipality located in the Boland region of the Western Cape province of South Africa and include the category B municipalities of Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg.

Nature of business and principal activities

The Municipality is a local authority that -
a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands;
b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery;
c) Provides effective planning and co-ordination of fire fighting services, prevention activities and training services throughout the Cape Winelands;
d) Facilitates environmentally sustainable economic development and investment attraction as well as retention through the development and management of strategic partnerships;
e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment;
f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure;
g) Provides support and shared services to category B municipalities to facilitate economic development planning within the Cape Winelands;
h) Increases access to safe and efficient public transport;
i) Integrates service delivery for maximum impact;
j) Creates opportunities for growth and development in rural areas;
k) Co-ordinate the provision of financial, technical and administrative support services to category B municipalities within the Cape Winelands;
l) Empowers vulnerable groups, build human capital and invest in social capital and rural development programmes;
m) Enhances the planning of waste management services in the Cape Winelands.
n) Facilitates planning co-ordination and spatial planning; and
o) Ensures environmental management through biodiversity, water and natural resource management

Mayoral committee

Ald. (Dr) H VON SCHLICHT (MAYOR)
Ald. C MEYER (SPEAKER)
Cllr. D SWART (DEPUTY MAYOR)
Cllr. G.J CARINUS
Cllr. J.J DU PLESSIS
Cllr. L.W NIEHAUS
Cllr. A FLORENCE
Cllr. P.C RAMOKHABI
Cllr. J.D.F VAN ZYL
Cllr. L LANDU

Other Councillors

Cllr. Z.L MASOKA
Cllr. C DAMENS
Cllr. D.D JOUBERT
Cllr. X KALIPA
Cllr. J.S MOUTON

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General Information

	Cllr. E.S.C MATJAN (RESIGNED 13/10/2020)
	Cllr. A CROMBIE
	Cllr. J.J VAN ROOYEN
	Cllr. C STEYN
	Cllr. E QHANKQISO
	Cllr. B.B NTSHINGILA
	Cllr. W.M BLOM
	Cllr. G.J FREDERICKS
	Cllr. S.S MAGQAZANA
	Cllr. D.R.A SNYDERS
	Cllr. P HESS (RESIGNED 20/08/2020)
	Ald. J.W SCHUURMAN
	Cllr. M.T KLAAS
	Cllr. R DU TOIT
	Cllr. L.N QOBA
	Cllr. W VROLICK
	Cllr. R.S NALUMANGO
	Cllr. P DANIELS
	Cllr. A.J SHIBILI
	Cllr. C.F WILSKUT
	Cllr. L.S SAMBOKWE
	Cllr. N TETENA
	Cllr. S.C RENS
	Cllr. J SMIT
	Cllr. N.D SAUERMAN
	Cllr. M.N BUSHWANA
	Cllr. J KRIEL (APPOINTED 18/09/2020)
	Cllr. TM WEHR (APPOINTED 27/10/2020)
Grading of local authority	GRADE 4 MEDIUM CAPACITY
Municipal Manager	H.F PRINS
Chief Financial Officer (CFO)	F.A DU RAAN - GROENEWALD
Registered office	46 ALEXANDER STREET STELLENBOSCH 7600
Postal address	P.O.BOX 100 STELLENBOSCH 7599
Telephone	0861 265 263
Bankers	NEDBANK
Auditors	AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

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The reports and statements set out below comprise the financial statements presented to the council:

Index

ASB	Accounting Standards Board
Cllr	Councillor
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
CWDM	Cape Winelands District Municipality
GRAP	South African Standards of Generally Recognised Accounting Practice
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IPSAS	International Public Sector Accounting Standards
JSE	Johannesburg Stock Exchange
LG SETA	Local Government Sector Education and Training Authority
mSCOA	municipal Standard Chart of Accounts
MFMA	Municipal Finance Management Act (Act 56 of 2003)
PPPFA	Preferential Procurement Policy Framework Act
RRAMS	Rural Roads Asset Management System
PRMA	Post Retirement Medical Aid
VAT	Value-Added Tax
WCA	Workmen's Compensation Assistance
WCPG	Western Cape Provincial Government

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

The financial statements have been prepared in accordance with GRAP including any interpretations, guidelines and directives issued by the ASB.

The 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 place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer 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 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 to 30 June 2022 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.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the accounting officer is supported by the municipality's internal auditors.

The financial statements set out on page 5 - 103, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021.

Accounting Officer
HF Prins

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	766 153 639	716 992 699
Other receivables from exchange transactions	4	21 300 097	25 588 763
Trade receivables from exchange transactions	5	60 986	74 781
Inventories	6	2 761 197	2 888 968
VAT receivable	7	1 715 323	1 441 403
Receivables from non-exchange transactions	8	83 869	313 530
Employee benefit asset	13	910 196	2 002 682
		792 985 307	**749 302 826**
Non-Current Assets			
Property, plant and equipment	9	154 720 923	158 445 071
Intangible assets	10	579 258	737 930
Employee benefit asset	13	-	5 430 459
		155 300 181	**164 613 460**
Non-Current Assets		155 300 181	164 613 460
Current Assets		792 985 307	749 302 826
Total Assets		**948 285 488**	**913 916 286**
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	11	5 335 321	6 505 793
Payables from exchange transactions	12	7 421 618	7 953 098
Employee benefit obligation	13	35 622 748	34 655 570
Provisions	15	6 440	57 263
		48 386 127	**49 171 724**
Non-Current Liabilities			
Employee benefit obligation	13	144 709 001	136 261 501
Non-Current Liabilities		144 709 001	136 261 501
Current Liabilities		48 386 127	49 171 724
Total Liabilities		**193 095 128**	**185 433 225**
Assets		948 285 488	913 916 286
Liabilities		(193 095 128)	(185 433 225)
Net Assets		**755 190 360**	**728 483 061**
Accumulated surplus	14	755 190 360	728 483 061

* See Note 31

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Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	194 644	111 143
Rental of facilities and equipment	17	238 615	229 975
Roads services	18	105 032 933	106 276 009
Other income	19	1 216 118	1 507 951
Interest received - investment	20	38 231 810	55 405 905
Total revenue from exchange transactions		**144 914 120**	**163 530 983**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	21	245 597 044	239 156 653
Public contributions and donations	22	17 240	-
Total revenue from non-exchange transactions		**245 614 284**	**239 156 653**
		144 914 120	163 530 983
		245 614 284	239 156 653
Total revenue		**390 528 404**	**402 687 636**
Expenditure			
Employee related costs	23	(223 701 150)	(203 282 247)
Remuneration of councillors	24	(12 657 183)	(12 610 029)
Depreciation and amortisation	25	(9 238 318)	(8 476 847)
Lease rentals on operating lease		(338 536)	(271 040)
Debt impairment	26	(32 597)	(50 593)
Bad debt written off		-	(162 507)
Contracted services	28	(31 787 145)	(36 787 479)
Transfers and Subsidies	27	(12 173 420)	(18 857 912)
Loss on disposal of assets		(167 052)	(581 218)
Inventories losses/write-downs		(91 017)	(35 439)
General Expenses	29	(73 634 690)	(75 289 905)
Total expenditure		**(363 821 108)**	**(356 405 216)**
Total revenue		390 528 404	402 687 636
Total expenditure		(363 821 108)	(356 405 216)
Surplus for the year		**26 707 296**	**46 282 420**

* See Note 31

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	682 534 097	682 534 097
Correction of errors	(333 458)	(333 458)
Balance at 01 July 2019 as restated*	**682 200 641**	**682 200 641**
Changes in net assets		
Surplus previous year (2019/2020) restated	46 282 420	46 282 420
Restated surplus 2019/2020	46 282 420	46 282 420
Restated* Balance at 01 July 2020	**728 483 064**	**728 483 064**
Changes in net assets		
Surplus for the year	26 707 296	26 707 296
Total changes	26 707 296	26 707 296
Balance at 30 June 2021	**755 190 360**	**755 190 360**
Note(s)	14	

* See Note 31

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Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		104 735 848	106 644 146
Grants		245 614 284	239 156 653
Interest income		44 275 772	58 957 387
		394 625 904	404 758 186
Payments			
Employee costs		(207 635 422)	(197 879 243)
Suppliers		(122 473 993)	(126 343 173)
Other payments: Remuneration to Councillors		(12 657 183)	(12 610 029)
		(342 766 598)	(336 832 445)
Total receipts		394 625 904	404 758 186
Total payments		(342 766 598)	(336 832 445)
Net cash flows from operating activities	32	**51 859 306**	**67 925 741**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(2 698 368)	(7 264 137)
Proceeds from sale of property, plant and equipment		-	40 870
Net cash flows from investing activities		**(2 698 368)**	**(7 223 267)**
Net increase in cash and cash equivalents		**49 160 938**	**60 702 474**
Cash and cash equivalents at the beginning of the year		716 992 699	656 290 226
Cash and cash equivalents at the end of the year	3	**766 153 637**	**716 992 700**

* See Note 31

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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
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	240 000	-	**240 000**	238 615	**(1 385)**	
Licences and permits	653 000	-	**653 000**	669 682	**16 682**	Note 43
Agency services	117 505 000	-	**117 505 000**	106 246 825	**(11 258 175)**	Note 43
Other revenue	11 105 751	-	**11 105 751**	10 005 003	**(1 100 748)**	Note 43
Interest received - investment	35 000 000	-	**35 000 000**	38 231 810	**3 231 810**	
Transfers and subsidies	250 261 088	-	**250 261 088**	245 866 696	**(4 394 392)**	Note 43
Total Revenue (excluding capital transfers and contributions)	**414 764 839**	**-**	**414 764 839**	**401 258 631**	**(13 506 208)**	
Expenditure						
Employee related costs	(230 890 879)	(9 646)	**(230 900 525)**	(222 724 411)	**8 176 114**	Note 43
Remuneration of councillors	(12 980 885)	-	**(12 980 885)**	(12 657 183)	**323 702**	
Debt impairment	(502 000)	(30 597)	**(532 597)**	(32 597)	**500 000**	Note 44
Depreciation and amortisation	(7 726 520)	(1 862 405)	**(9 588 925)**	(9 238 318)	**350 607**	
Other materials	(29 500 338)	(1 008 132)	**(30 508 470)**	(28 214 566)	**2 293 904**	
Contracted Services	(55 878 347)	3 370 645	**(52 507 702)**	(31 787 145)	**20 720 557**	Note 44
Transfers and Subsidies	(13 016 153)	(1 985 601)	**(15 001 754)**	(12 173 420)	**2 828 334**	Note 44
Other expenditure	(65 584 219)	1 791 970	**(63 792 249)**	(57 679 184)	**6 113 065**	Note 43
Loss on disposal of PPE	(12 002)	(266 234)	**(278 236)**	(258 069)	**20 167**	Note 43
Total expenditure	**(416 091 343)**	**-**	**(416 091 343)**	**(374 764 893)**	**41 326 450**	
Operating surplus	**(1 326 504)**	**-**	**(1 326 504)**	**26 493 738**	**27 820 242**	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1 326 504	-	**1 326 504**	213 558	**(1 112 946)**	Note 43/ 44
Surplus	**-**	**-**	**-**	**26 707 296**	**26 707 296**	

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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
Statement of Financial Position						
Assets						
Current Assets						
Cash	27 100 016	-	**27 100 016**	20 153 639	**(6 946 377)**	Note 43/ 44
Call investments deposits	708 000 000	-	**708 000 000**	746 000 000	**38 000 000**	Note 43
Consumer debtors	3 933 161	-	**3 933 161**	910 196	**(3 022 965)**	Note 44
Other debtors	24 605 208	-	**24 605 208**	23 160 275	**(1 444 933)**	
Inventory	2 882 469	-	**2 882 469**	2 761 197	**(121 272)**	
	766 520 854	**-**	**766 520 854**	**792 985 307**	**26 464 453**	
Non-Current Assets						
Property, plant and equipment	158 357 276	-	**158 357 276**	154 720 923	**(3 636 353)**	
Intangible assets	781 311	-	**781 311**	579 258	**(202 053)**	Note 44
Other non- current assets	3 088 581	-	**3 088 581**	-	**(3 088 581)**	Note 44
	162 227 168	**-**	**162 227 168**	**155 300 181**	**(6 926 987)**	
Non-Current Assets	766 520 854	-	**766 520 854**	792 985 307	**26 464 453**	
Current Assets	162 227 168	-	**162 227 168**	155 300 181	**(6 926 987)**	
Total Assets	**928 748 022**	**-**	**928 748 022**	**948 285 488**	**19 537 466**	
Liabilities						
Current Liabilities						
Consumer deposits	20 000	-	**20 000**	-	**(20 000)**	Note 44
Trade and other payables	17 655 776	-	**17 655 776**	12 756 939	**(4 898 837)**	Note 43/ 44
Provisions	60 404 728	-	**60 404 728**	35 629 188	**(24 775 540)**	Note 44
	78 080 504	**-**	**78 080 504**	**48 386 127**	**(29 694 377)**	
Non-Current Liabilities						
Provisions	121 844 500	-	**121 844 500**	144 709 001	**22 864 501**	Note 44
Total Liabilities	**199 925 004**	**-**	**199 925 004**	**193 095 128**	**(6 829 876)**	
Net Assets	**728 823 018**	**-**	**728 823 018**	**755 190 360**	**26 367 342**	
Reserves						
Reserves	70 766 026	-	**70 766 026**	68 398 749	**(2 367 277)**	Note 43
Accumulated surplus	658 056 992	-	**658 056 992**	686 791 611	**28 734 619**	Note 43

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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
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Other Revenue	129 503 751	-	**129 503 751**	104 735 848	**(24 767 903)**	Note 44
Government - operating	253 417 342	-	**253 417 342**	245 614 284	**(7 803 058)**	
Government - capital	1 046 000	-	**1 046 000**	-	**(1 046 000)**	Note 44
Interest	35 000 000	-	**35 000 000**	44 275 772	**9 275 772**	Note 44
	418 967 093	**-**	**418 967 093**	**394 625 904**	**(24 341 189)**	
Payments						
Suppliers and employees	(379 270 616)	-	**(379 270 616)**	(330 593 178)	**48 677 438**	Note 43/ 44
Transfer and grants	(13 016 151)	-	**(13 016 151)**	(12 173 420)	**842 731**	Note 43
	(392 286 767)	**-**	**(392 286 767)**	**(342 766 598)**	**49 520 169**	
Net cash flows from operating activities	**26 680 326**	**-**	**26 680 326**	**51 859 306**	**25 178 980**	
Cash flows from investing activities						
Capital assets	(8 573 009)	-	**(8 573 009)**	(2 698 368)	**5 874 641**	Note 44
Net increase in cash and cash equivalents	18 107 317	-	**18 107 317**	49 160 938	**31 053 621**	
Cash and cash equivalents at the beginning of the year	716 992 699	-	**716 992 699**	716 992 699	**-**	
Cash and cash equivalents at the end of the year	**735 100 016**	**-**	**735 100 016**	**766 153 637**	**31 053 621**	

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the GRAP, issued by the ASB in accordance with Section 122(3) of the MFMA.

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.

All figures have been rounded to the nearest Rand.

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

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

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

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on an individual basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on historical data collected by the municipality. The estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficient long maturity to match the estimated maturity of all benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

Effective interest rate

The municipality used the prime lending rate to discount future cash flows.

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Allowance for slow moving, damaged and obsolete inventory

An allowance has been made for inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in note 6.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15.

Impairment of statutory receivables

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

Accounting by principals and agents

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

1.2 Reserves

Internal ring fenced reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the IDP. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.

1.2 Reserves (continued)

- Interest earned on the CRR investment is recorded as part of the total interest earned in the Statement of Financial Performance, whereafter such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, these are reflected in the Statement of Financial Performance.

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

Accumulated Surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.3 Cash and cash equivalents

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 a maturity period of between three and twelve months and are subject to an insignificant risk of change in value. Cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Amounts recovered from the WCPG in respect of the future medical liability of the road staff are included in the balance of cash and cash equivalents.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, the cost is considered to be the fair value as at date of acquisition.

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.

1.4 Property, plant and equipment (continued)

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.

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.

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

(i) Plant and machinery - at cost less accumulated depreciation and accumulated impairment losses; and

(ii) Buildings - at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives to their estimated residual value of the assets. The depreciation rates are based on the following estimated useful lives for the current and comparative years:

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

Item	Depreciation method	Estimated useful life
Buildings	Straight line	30-60
Infrastructure	Straight line	15-50
Furniture and fixtures	Straight line	3-30
Motor vehicles	Straight line	5-33
Office equipment	Straight line	3-25
Plant and machinery	Straight line	3-50
Other property, plant and equipment	Straight line	3-46
Leased assets	Straight line	5-10

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

1.4 Property, plant and equipment (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Expected useful life

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

(a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.

(b) The use of the asset has changed, because of the following:

(i) The entity has changed the manner in which the asset is used.

(ii) The entity has changed the utilisation rate of the asset.

(iii) The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.

(iv) Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.

(v) Legal or similar limits placed on the use of the asset have changed.

(vi) The asset was idle or retired from use during the reporting period.

(c) The asset is approaching the end of its previously expected useful life.

(d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

(e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

(f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.

1.5 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition.

1.5 Intangible assets (continued)

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	**Useful life**
Computer software, other	3 - 10 years

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

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

1.6 Heritage assets

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.

Recognition

The municipality's heritage assets are culturally significant resources. These assets, in addition to meeting the definition of a Heritage asset, are currently in use as office accommodation and therefore meets the definition of Property, Plant and Equipment.

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with GRAP on Property, Plant and Equipment (GRAP 17). Refer to note 1.4

The municipality has the following registered Heritage Assets:
- Building at 46 Alexander Street, Stellenbosch was declared as a Provincial Heritage site on 8 September 1967.
- Building at 194 Main Road, Paarl.

Impairment

On an annual basis the municipality assess heritage assets for any indications of impairment. The municipality uses the following guidance provided by GRAP 21 and 26 (Impairment of cash and non-cash generated assets). The indicators for impairment may include but are not limited to:

External sources:

Changes in the market- if there is a significant decrease in the market value of the similar item;

Changes in the market- absence of an active market for a revalued heritage asset for example if the supplier has been liquidated, .

Internal sources:

Significant change with an adverse effect on the entity- spare parts are no longer available and changes in technology took place.

Physical damage to the heritage asset or prolonged deterioration affecting its value.

1.7 Changes in accounting policies, estimates errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to applicable note to the annual financial statements for details of corrections of errors recorded during the period under review.

1.8 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.

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

Initial recognition

The entity 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 entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity 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.

Subsequent measurement of financial assets and financial liabilities

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

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

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

A concessionary loan is a loan granted to or received by a 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.

1.8 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, a 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, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.8 Financial instruments (continued)

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.

Reclassification

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

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

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm’s length exchange motivated by normal operating considerations. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a 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.

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

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, 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.

1.8 Financial instruments (continued)

Impairment and uncollectibility of financial assets

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

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

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.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are recognised at revenue.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

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

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 entity 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 entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions.

1.9 Statutory receivables

Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

1.9 Statutory receivables (continued)

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

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

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

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

Derecognition

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

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

1.10 Leases

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate.

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

1.10 Leases (continued)

The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

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

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

Income for leases is disclosed under revenue in the Statement of Financial Performance.

Operating leases - lessee

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

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

Any contingent rent is expensed in the period in which they are incurred.

1.11 Inventories

Inventories consist of unsold properties and consumables.

Initial measurement

Inventories are initially measured at cost. Cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

Subsequent measurement

Unsold properties and consumables to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Roads inventory to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

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

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

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

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

Derecognition

The municipality derecognises unsold low cost housing contained in inventory when construction of such properties has been completed and occupation of houses taken by the beneficiaries. At date of derecognition, the expense is recognised in the Statement of Financial Performance.

1.11 Inventories (continued)

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

1.12 Grants in Aid

The municipality annually awards grants to organisations in terms of Section 67 of the MFMA. When making these transfers, the municipality does not:

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

1.13 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

1.14 Budget information

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

The approved budget covers the period from 2020/07/01 to 2021/06/30.

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 as prescribed in GRAP 24.

A comparison of actual versus budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and actual amounts and reasons for variances in excess of 10%.

1.15 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

1.15 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs 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 entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its financial statements.

1.16 Value added Tax

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991).

1.17 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

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

1.17 Impairment of cash-generating assets (continued)

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.

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.

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 prime lending rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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. The reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. 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.

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

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

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

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

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

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

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

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1.17 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess 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.

1.18 Impairment of non-cash-generating assets

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

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 current 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.

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

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 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 assess 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.

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

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

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

1.19 Provisions and contingencies (continued)

Provisions shall not be recognised for deficits from future operating activities.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

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

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

1.20 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.21 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.

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.

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Agency fees are recognised to the extent of work performed.

Interest

Revenue arising from the use by others of municipal assets yielding interest is recognised when:

Accounting Policies

1.21 Revenue from exchange transactions (continued)

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

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

1.22 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets.

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

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

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

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

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

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.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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 a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are not recognised.

1.23 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.

1.24 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to notes 31 for detail.

1.25 Unauthorised expenditure

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

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- 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
- a grant by the municipality otherwise than in accordance with the MFMA.

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

1.26 Fruitless and wasteful expenditure

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

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

1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

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

1.28 Employee benefits

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

Accounting Policies

1.28 Employee benefits (continued)

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- a municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity 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 entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality 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 entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

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

1.28 Employee benefits (continued)

Post-employment benefit plans are formal or informal arrangements under which an entity 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.

Long term receivable

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, a municipality shall recognise its right to reimbursement as a separate asset. The municipality shall measure the asset at fair value. In all other respects, the municipality shall treat that asset in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan may be presented net of the amount recognised for a reimbursement.

The municipality recognised a long term receivable relating to the recoveries from the Department of Transport and Public Works in respect of the post-employment medical benefit relating to the roads staff.

The assumptions used by the actuaries to calculate the portion of the roads staff are the same as that used to calculate the amount of the liability relating to the post-employment medical aid.

Multi-employer plans

The entity classifies a multi-employer plan 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 benefit plan, the entity accounts 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 entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined benefit plans

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:
- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

1.28 Employee benefits (continued)

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

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

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

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

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

1.28 Employee benefits (continued)

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Other long-term employee benefits

The amount recognised as a liability for other long-term service awards 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 entity 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.

1.29 Segment information

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.

1.29 Segment information (continued)

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.

Measurement

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. 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.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 1 (amended): Presentation of Financial Statements

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

Summary of amendments are:

Materiality and aggregation

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

Statement of financial position and statement of financial performance

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

Notes structure

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

Disclosure of accounting policies

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

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

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

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

IGRAP 20: Accounting for Adjustments to Revenue

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

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

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

2. New standards and interpretations (continued)

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

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

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:
- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and set out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

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

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

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:
- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

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

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

GRAP 18 (as amended 2016): Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality’s overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

Notes to the Financial Statements

2. New standards and interpretations (continued)

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

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

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

The adoption of this standard does not have any impact on the results of the municipality, it only requires additional disclosure for the financial results already reported in the Statement of Financial Performance.

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

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

GRAP 104 (amended): Financial Instruments

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

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

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

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

Figures in Rand	2021	2020

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	2 252
Bank balances	20 153 639	23 990 447
Short-term investments	746 000 000	693 000 000
	766 153 639	**716 992 699**

Included in the balance of cash and cash equivalents is an amount of R 30 697 803 (2020: R 27 156 658) relating to the portion recovered from the WCPG, Department of Transport and Public Works, in respect of the future medical aid liability of the roads staff.

Included in the balance of cash and cash equivalents is an amount relating to unspent conditional grants. (refer to note 11).

No cash and cash equivalents have been pledged as security.

Short-term investments

ABSA - Investment		
Opening balance	137 000 000	138 000 000
Movements for the year	11 000 000	(1 000 000)
	148 000 000	**137 000 000**

FNB - Investment		
Opening balance	105 000 000	109 000 000
Movements for the year	32 000 000	(4 000 000)
	137 000 000	**105 000 000**

INVESTEC - Investment		
Opening balance	109 000 000	108 000 000
Movements for the year	32 000 000	1 000 000
	141 000 000	**109 000 000**

NEDCOR - Investment		
Opening balance	171 000 000	155 000 000
Movements for the year	(6 000 000)	16 000 000
	165 000 000	**171 000 000**

STANDARD BANK - Investment		
Opening balance	171 000 000	141 000 000
Movements for the year	(16 000 000)	30 000 000
	155 000 000	**171 000 000**

The municipality had the following bank accounts

Account number / description	**Bank statement balances**			**Cash book balances**		
	30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	**30 June 2019**
Nedbank - Primary bank account	7 653 639	8 990 447	2 787 126	7 653 639	8 990 447	2 787 126
Nedbank - Call account	12 500 000	15 000 000	2 500 000	-	-	-
Total	**20 153 639**	**23 990 447**	**5 287 126**	**7 653 639**	**8 990 447**	**2 787 126**

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Figures in Rand	2021	2020

4. Other receivables from exchange transactions

Allowance for impairment	(127 467)	(160 018)
Prepayments	2 280 450	2 334 241
Deposits	116 738	421 603
Insurance claims	39 420	255 159
Municipal health debtor	133 393	156 672
Rental	25 141	24 975
Councillors	22 378	65 425
Accrued interest	11 790 614	17 834 576
Roads services (Department of Transport and Public Works)	6 685 582	3 755 600
Other receivables	120 375	601 999
Post retirement medical aid	213 473	298 531
	21 300 097	**25 588 763**

Other receivables pledged as security

No other receivables were pledged as security.

No collateral is held for any of the debtors disclosed above.

Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty defaults. The municipality’s historical experience in collection of other trade receivables falls within recorded allowances. Due to these factors, management's view is that no additional risk beyond amounts provided for collection losses is inherent in the municipality’s other trade receivables.

Other receivables from exchange transactions

Gross balance		
Other receivables from exchange transactions	21 427 564	25 748 781
Less: Allowance for impairment		
Other receivables	108 563	108 454
Post retirement medical aid	18 904	51 564
	127 467	**160 018**
Net balance		
Other receivables	21 300 097	25 588 763
Other receivables from exchange transactions		
Current (0 - 30 days)	7 077 003	4 883 456
31 - 60 days	323	31 668
61 - 90 days	-	29 125
91 - 120 days	-	29 698
121 - 365 days	21 487	79 220
> 365 days	107 843	301 354
	7 206 656	**5 354 521**

None of the financial assets that are fully performing have been renegotiated in the last year.

Prepayments of R 2 280 450 (2020:R 2 334 241) were not included as the future economic benefits relate to the receipt of goods and services. Councillor debt of R 22 378 (2020: R 65 425) were not included as this relate(s) to recoveries still to be concluded at reporting date. The interest accrual of R 11 790 614 (2020: R 17 834 576) was not included in the ageing as it is not due yet.

Notes to the Financial Statements

Figures in Rand	2021	2020

4. Other receivables from exchange transactions (continued)

Other receivables past due but not impaired

Management regard other receivables from exchange transactions for outstanding amounts of more than 30 days as past due. The impairment of other receivables from exchange transactions is based on the historic payment rate of the receivable.

As at 30 June 2021 other receivables of R 152 031 (2020: R 536 490) were past due but not impaired.

No other receivables were pledged as security.

Reconciliation of provision for impairment of other receivables from exchange transactions

	2021	2020
Opening balance	(160 018)	(32 302)
Provision for impairment	(25 221)	(191 329)
Amounts written off as uncollectible	-	63 153
Unused amounts reversed	57 772	460
	(127 467)	**(160 018)**

5. Trade Receivables from exchange transactions

	2021	2020
Gross balances		
Fire Fighting	146 912	95 559
Less: Allowance for impairment		
Fire Fighting	(85 926)	(20 778)
Net balance		
Fire Fighting	60 986	74 781
Fire Fighting		
Current (0 -30 days)	-	-
31 - 60 days	23 282	74 781
61 - 90 days	37 705	-
91 - 120 days	18 246	-
121 - 365 days	4 524	20 778
> 365 days	63 155	-
	146 912	**95 559**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(20 778)	(97 901)
Contributions to allowance	(65 148)	(40 451)
Debt impairment written off against allowance	-	99 354
Reversal of allowance	-	18 220
	(85 926)	**(20 778)**

Trade receivables pledged as security

No trade receivables were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

No collateral is held for any of the debtors disclosed above.

Figures in Rand	2021	2020

5. Trade Receivables from exchange transactions (continued)

Credit quality of trade receivables

Due to historic trends that cannot be determined, the credit quality of each individual debtor that are neither due nor past nor impaired was assessed. As per the Credit Control and Debt Collection Policy, all debtors with accounts outstanding for more than 60 days are handed over to the debt collectors of the municipality. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management's view that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

Trade receivables past due but not impaired

The debt originated as a result of firefighting services rendered in terms of the Fire Fighting Act. The impairment for receivables from exchange transactions were calculated based on the assessment of each individual debtor, as a historic payment trend cannot be determined for firefighting debtors.

As at 30 June 2021 trade receivables of R 146 912 (2020: R 95 559) were past due but not impaired.

Trade receivables impaired and provided for

As at 30 June 2021 consumer debtors of Rnil (2020: R99 354) were impaired.

As at 30 June 2021, consumer debtors of R 85 926 (2020: R 20 778) were provided for.

The ageing of these receivables are as follows:

Current (0 -30 days)	-	-
31 - 60 days	-	-
61 to 90 days	-	-
91 to 120 days	18 246	-
121 days and more	67 680	20 778

6. Inventories

Consumable stores	2 688 257	2 816 028
Housing Stock	72 940	72 940
	2 761 197	**2 888 968**

No inventory has been pledged as security.

Consumables valued at R 91 017 (2020: R 35 439) were written off and recognised in the Statement of Financial Performance.

Inventory valued at R 4 791 216 (2020: R 5 938 196) were expensed in the Statement of Financial Performance.

7. VAT receivable

VAT	1 715 323	1 441 403

Statutory receivables

Gross balances		
VAT receivable	1 715 323	1 441 403
Less: Allowance for impairment		
VAT receivable	-	-
Net balance		
VAT receivable	1 715 323	1 441 403

Notes to the Financial Statements

Figures in Rand	2021	2020

7. VAT receivable (continued)

Transactions arising from statute

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991). The statutory receivable is measured at its transactional amount.

The VAT receivable recognised at year end is mainly due to the impact of the difference between the input and output VAT recognised during the financial year as well as the accruals raised at year end.

No interest or other charges are levied against the statutory receivable.

Management regard statutory receivables as being impaired on the same basis that other receivables from exchange transactions are assessed for impairment (historic payment rate of the receivable).

Historically, all refunds have been received within 30 days of the submission of the VAT 201 returns to SARS.

Reconciliation of the provision for impairment

The statutory receivable is not considered to be impaired by the municipality as SARS has not defaulted on payments in the passed..

Receivables past due not impaired

Statutory receivables which are less than 30 days past due are not considered for impairment. At 30 June 2021, Rnil (2020:Rnil) were past due but not impaired.

Statutory receivables pledged as security

No statutory receivables were pledged as security.

No collateral is held for any of the statutory receivables.

8. Receivables from non-exchange transactions

Government grants and subsidies	83 869	313 530

Receivables from non-exchange transactions pledged as security

No receivables from non- exchange transactions were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

No collateral is held for any of the debtors disclosed above.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions impaired

As of 30 June 2021, receivables from non-exchange transactions of Rnil (2020: Rnil) were impaired and provided for.

8. Receivables from non-exchange transactions (continued)

	2021	2020
Net balances		
Government grants and subsidies	83 869	313 530
Government grant and subsidies		
Current (0 -30 days)	83 869	156 765
31 - 60 days	-	156 765
	83 869	**313 530**

Reconciliation of allowance for impairment of receivables from non-exchange transactions

	2021	2020
Opening balance	-	-

9. Property, plant and equipment

	2021			2020		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	66 384 904	-	66 384 904	66 384 904	-	66 384 904
Buildings	48 802 292	(25 945 803)	22 856 489	48 025 734	(24 861 030)	23 164 704
Plant and machinery	22 251 131	(11 906 662)	10 344 469	21 623 134	(10 513 211)	11 109 923
Furniture and fixtures	8 684 843	(5 451 555)	3 233 288	8 147 315	(5 096 687)	3 050 628
Motor vehicles	52 054 371	(23 905 410)	28 148 961	52 211 799	(21 043 750)	31 168 049
Office equipment	30 116 431	(13 736 050)	16 380 381	27 160 547	(11 153 604)	16 006 943
Infrastructure	3 771 745	(982 759)	2 788 986	3 578 354	(865 488)	2 712 866
Other property, plant and equipment	8 752 789	(4 169 344)	4 583 445	8 498 197	(3 651 143)	4 847 054
Total	**240 818 506**	**(86 097 583)**	**154 720 923**	**235 629 984**	**(77 184 913)**	**158 445 071**

Criteria for determination for classification between Property, plant and equipment and Investment property.

The criteria created to identify whether an asset meets the definition of Property, plant and equipment (PPE) or Investment property have been determined as follows:

a) In the instance where the property yield rentals, where the majority of the property is held for administrative purposes and an insignificant portion is held for rentals, the total property will be evaluated as PPE and not as investment property. This will apply even if the intention is to rent the property out for a prolonged period.

b) Where a significant portion (more than 50%) of the total property including land and all other buildings is held for rentals, the property will be classified as investment property. This will apply even if management intends to rent the property out for a prolonged period.

A property consisting of a parking area were identified that are rented to the public. A significant portion of the property (land and buildings) are held by the municipality for administrative purposes.

The consideration of a new lease is based on the need of the municipality prior to expiry of the lease agreements. The property meet the criteria set out above as Property, plant and equipment. The asset have been classified as Property, plant and equipment.

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	66 384 904	-	-	-	66 384 904
Buildings	23 164 704	776 559	-	(1 084 774)	22 856 489
Plant and machinery	11 109 923	671 937	(21 411)	(1 415 980)	10 344 469
Furniture and fixtures	3 050 628	548 892	(1 664)	(364 568)	3 233 288
Motor vehicles	31 168 049	-	(49 509)	(2 969 579)	28 148 961
Office equipment	16 006 943	3 071 562	(58 492)	(2 639 632)	16 380 381
Infrastructure	2 712 866	193 391	-	(117 271)	2 788 986
Other property, plant and equipment	4 847 054	260 209	(5 683)	(518 135)	4 583 445
	158 445 071	**5 522 550**	**(136 759)**	**(9 109 939)**	**154 720 923**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	66 384 904	-	-	-	66 384 904
Buildings	24 017 307	204 250	-	(1 056 853)	23 164 704
Plant and machinery	11 416 200	1 095 941	(94 050)	(1 308 168)	11 109 923
Furniture and fixtures	3 287 919	142 105	(26 961)	(352 435)	3 050 628
Motor vehicles	28 918 007	5 151 394	(117 703)	(2 783 649)	31 168 049
Office equipment	17 752 173	818 645	(346 156)	(2 217 719)	16 006 943
Infrastructure	2 830 100	-	-	(117 234)	2 712 866
Other property, plant and equipment	5 235 895	160 435	(37 217)	(512 059)	4 847 054
	159 842 505	**7 572 770**	**(622 087)**	**(8 348 117)**	**158 445 071**

Reconciliation of repairs and maintenance - 2021

	Contracted services	Employee related cost	Materials and supplies	Total
Buildings	968 361	2 054 835	60 524	3 083 720
Office equipment	671 627	-	35 916	707 543
Plant and equipment	105 924	-	3 074	108 998
Motor vehicles	1 445 352	-	673 031	2 118 383
Infrastructure	1 620	-	-	1 620
Other	91 018	-	-	91 018
	3 283 902	**2 054 835**	**772 545**	**6 111 282**

9. Property, plant and equipment (continued)

Reconciliation of repairs and maintenance - 2020

	Contracted services	Employee related cost	Materials and supplies	Total
Buildings	1 410 637	1 913 047	103 044	3 426 728
Office equipment	706 144	-	14 656	720 800
Plant and equipment	48 609	-	2 370	50 979
Furniture and fittings	19 927	-	3 975	23 902
Motor vehicles	756 584	-	514 038	1 270 622
Other	104 634	-	58 319	162 953
	3 046 535	**1 913 047**	**696 402**	**5 655 984**

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

No assets have been pledged as security.

Other property, plant and equipment were split into the various classes as disclosed in the note for both the current and prior year.

An impairment assessment was performed based on the indicators as listed in the accounting policy under paragraph 1.4 Property, plant and equipment. No potential impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.

A review of useful lives of property, plant and equipment was done. Management considers whether there is any indication that expectations about the useful life of an asset have changed since the preceding reporting date. There were changes in the estimated useful lives of assets located in the redundant store during the financial year. Refer to Note 40 for details relating to the change in accounting estimates.

10. Intangible assets

	2021			2020		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	1 784 535	(1 205 277)	579 258	1 868 696	(1 130 766)	737 930

Reconciliation of intangible assets - 2021

	Opening balance	Disposals	Amortisation	Total
Computer software	737 930	(30 293)	(128 379)	579 258

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	866 660	(128 730)	737 930

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11. Unspent conditional grants and receipts

Unspent conditional grants and receipts		
Community development workers (CDW) operational support grant	169 127	102 887
Integrated transport planning	822 456	875 250
Fire service capacity building grant	1 046 000	1 046 000
Water and sanitation	-	35 560
Western Cape financial management capacity building grant	-	380 000
Rural roads asset management system grant	2 711 000	2 849 000
Local government internship grant	31 545	160 000
Safety initiative implementation - Whole of society approach (WOSA)	294 601	329 151
Public contributions and donations	260 592	727 945
	5 335 321	**6 505 793**

See note 21 & 22 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised. (refer to note 3).

12. Payables from exchange transactions

Other payables	171 457	3 421 949
Creditor accruals	5 380 169	3 223 496
Working for water (Department of Environmental Affairs)	812 430	812 430
Payments received in advance	46 022	60 975
Trade payables	1 010 991	430 729
Unclaimed funds	549	3 519
	7 421 618	**7 953 098**

13. Employee benefits

Current employee benefits		
Employee benefit accruals	1 764 901	1 347 592
Current: Medical aid liability	8 397 000	8 542 000
Provision staff leave	17 829 700	17 218 201
13th Cheque	5 145 928	4 967 908
Current: Ex- gratia benefit	8 000	12 000
Current: Long term service award	1 847 000	2 025 000
Performance bonus	630 219	542 869
	35 622 748	**34 655 570**
Other long term employee benefits		
Long service award	12 465 999	11 851 999
Post-employee benefits		
Post-Retirement Medical aid benefits	131 275 001	122 992 501
Ex-gratia benefit	968 001	1 417 001
	132 243 002	**124 409 502**
Current liability	35 622 748	34 655 570
Non-current liability	144 709 001	136 261 501
	180 331 749	**170 917 071**

The municipality is currently finalising a Medical Funds Administration Policy to be approved by Council which invariably will impact the actuarial assumptions that informs the valuation and measurement of this provision in future years. Due to the National Lockdown the Unions could not consult with their members to provide inputs to the draft policy.

13. Employee benefits (continued)

Post-retirement and medical aid benefits

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

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

In- service members will receive a post- employment subsidy of 60% or 70% of the contribution payable should they be a member of a medical aid at retirement.

All continuation members and their eligible dependents receive a 60% or 70% subsidy.

Upon a member's death-in-service or death-in-retirement the surviving dependents will continue to receive the same subsidy.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

-Bonitas
-Key Health
-Samwumed
-Hosmed
-LA Health

Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below:

	2021	2020
Active members		
Principal members	291	308
Average age	48,3	48,3
Average past service cost	R18,3 million	R18,5 million
Continuation members		
Principal members	148	151
Average age	72,0	71,8

	2021	2020
The amounts recognised in the Statement of Financial Position are -		
Projected benefit obligation	139 672 000	131 534 500
	139 672 000	**131 534 500**

	2021	2020
The obligation in respect of past services has been estimated as follows:		
Active members	47 067 000	43 315 500
Continuation members	92 605 000	88 219 000
Net obligation	**139 672 000**	**131 534 500**

	2021	2020
The amounts recognised in the Statement of Financial Performance are-		
Current service cost	2 618 000	2 447 928
Interest cost	20 739 000	12 578 906
Recognised actuarial (gains)/losses	(7 443 229)	(16 372 687)
Amount charged to Statement of Financial Performance	**15 913 771**	**(1 345 853)**

The future service cost for the ensuing financial period is estimated to be R2 946 000, whereas the interest cost for the next year is estimated to be R19 200 000.

Figures in Rand	2021	2020

13. Employee benefits (continued)

The best estimates for the employer benefit payments in the 2021/22 financial period is expected to be R 8 397 000.

Movements in the present value of the defined benefit obligation were as follows:		
Opening benefit obligation liability	131 534 500	140 284 597
Payments to members	(7 776 271)	(7 404 244)
Charge to Statement of Financial Performance	15 913 771	(1 345 853)
Closing benefit liability	**139 672 000**	**131 534 500**

GRAP 25 stipulates that the choice of 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.

The nominal and real zero curves as at 30 June 2021 supplied by the JSE is used to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing the calculations is utilised. This methodology was changed from a point estimate in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities

Key actuarial assumptions		
Discount rate	Yield Curve	Yield Curve
Health care inflation	CPI + 1.5%	CPI + 1.5%

Sensitivity Analysis on current-service and interest cost:

Assumption	**Change**	**Current service cost**	**Interest cost**	**Total**	**% change**
Central Assumptions		2 946 000	19 200 000	22 146 000	
Health care inflation	1 %	3 579 000	21 692 000	25 271 000	14 %
	-1 %	2 444 000	17 111 000	19 555 000	-12 %
Post- retirement mortality	20%	2 722 000	17 810 000	20 532 000	-7 %
	-20%	3 217 000	20 922 000	24 139 000	9 %

Sensitivity analysis on the benefit liability:

Assumption	**Change**	**Liability**	**% change**
Central assumptions		139 672 000	
Health care inflation	1 %	156 243 000	12 %
	-1 %	125 673 250	-10 %
Post- retirement mortality	20%	129 854 000	-7 %
	-20%	151 859 500	9 %

History of Liabilities and Experience Adjustments	**30 June 2017**	**30 June 2018**	**30 June 2019**	**30 June 2020**	**30 June 2021**
Accrued liability	150 651 000	153 142 000	140 285 000	131 534 500	139 672 000
Experience adjustment	14 017 000	221 000	(2 278 000)	-	-

In terms of the memorandum of Agreement between the WCPG, Department of Transport and Public Works, and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the municipality. The future claim for roads staff for post employment medical aid has therefore been raised as an employee benefit asset.

Figures in Rand	2021	2020

13. Employee benefits (continued)

Employee benefit asset		
Opening balance	7 433 141	16 640 495
Current service cost	803 416	626 996
Payment received from WCPG	(2 028 365)	(2 222 331)
Interest cost	5 477 295	3 527 560
Benefits paid	(2 316 195)	(1 932 225)
Interest on payments from WCPG	(1 512 780)	(1 986 312)
Actuarial loss / (gain)	(6 946 316)	(7 221 043)
	910 196	**7 433 140**
Reconciliation of employee benefit asset		
Current asset	910 196	2 002 682
Non-current asset	-	5 430 459
	910 196	**7 433 141**

The assumptions used by the actuaries to calculate the portion of the roads staff is the same as was used to calculate the amount recognised as post employment medical aid.

The amounts recognised as the current portion is equal to the amount as recognised in the valuation report for the respective financial years.

Ex-gratia benefits

The ex- gratia pensions are pensions that are paid by the municipality from its revenue i.e. and are not funded or paid from one of the municipality's formalised pension arrangements.

All employees who did not participate in the municipality's formal pension funds are entitled to a Revenue Pension, which are sometimes referred to as "Ex-gratia" pensions.

Details of employees eligible for ex-gratia benefits are detailed below:

Members		
In-service employee for ex-gratia pension	5	7
In-service employees eligible for lump sum benefit on retirement	5	7
Average age in years		
In-service employee for ex-gratia pension	38,87	57,93
In-service employees eligible for lump sum benefit on retirement	58,91	57,65
The amount recognised in the Statement of Financial Position are:		
Projected benefit obligation	976 000	1 429 000
The amount recognised in the Statement of Financial Performance are:		
Interest cost	74 000	141 098
Recognised actuarial (Gain) / Loss	245 170	(203 106)
	319 170	**(62 008)**

Figures in Rand	2021	2020

13. Employee benefits (continued)

The future service cost for the ensuing financial year is estimated to be R nil, whereas the interest cost for the next financial year is estimated to be R74 000.

The best estimates for the employer benefit payments in the 2021/22 financial year is expected to be R 8 000.

GRAP 25 stipulates that the choice of 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.

The rate is calculated by using the implied duration of the liability to obtain an appropriate interest rate on the yield curve. The nominal and real zero curves as at 30 June 2021 were supplied by the JSE to deremine the discounted rates and CPI assumptions.

Movements in the present value of the defined benefit obligation were as follows:		
Opening benefit obligation	1 429 001	1 559 726
Payments to members	(772 170)	(68 717)
Actuarial (Gain) / Loss	245 170	(203 106)
Interest and service cost	74 000	141 098
Closing benefit obligation	**976 001**	**1 429 001**

Key actuarial assumptions		
Discount rate	7,59 %	8,51 %
CPI inflation rate	4,87 %	4,08 %
Salary inflation rate	5,87 %	5,08 %

Sensitivity analysis on the benefit obligation:

Assumption	**Change**	**Total Liability**	**% change**
Central Assumptions		974 000	
Benefit Inflation rates	1 %	1 022 000	5 %
	-1 %	928 000	-5 %

Sensitivity analysis on the interest cost:

Assumption	**Change**	**Interest cost**	**% change**
Central Assumptions		74 000	
Benefit Inflation rates	1 %	77 000	4 %
	-1 %	70 000	-5 %

History of Liabilities, Assets and Experience Adjustments	**30 June 2017**	**30 June 2018**	**30 June 2019**	**30 June 2020**	**30 June 2021**
Accrued liability	2 275 313	1 841 349	1 559 725	1 429 000	976 000
Experience adjustment	589 506	(238 197)	(152 346)	-	-

Long service awards

The municipality offers employees a long service award for every five years of service completed from 10 years of service to fourty five years of service.

Details of employees eligible for long service awards are detailed below:

Members	407	416
Average age in years	47	47

Notes to the Financial Statements

Figures in Rand	2021	2020

13. Employee benefits (continued)

The amounts recognised in the Statement of Financial Position are:

Projected benefit obligation	14 313 000	13 877 000

The amounts recognised in the Statement of Financial Performance are:

Current service cost	852 000	812 496
Interest cost	1 649 000	965 566
Recognised actuarial (gain) / losses	115 006	1 030 467
Amount charged to Statement of Financial Performance	**2 616 006**	**2 808 529**

The future service cost for the ensuing financial year is estimated to be R881 000, whereas the interest cost for the next financial year is estimated to be R1 489 000.

The best estimates for the employer benefit payments in the 2021/22 financial period is expected to be R1 847 000.

GRAP 25 stipulates that the choice of 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.

A discount rate on a yield curve has been used. The nominal and real zero curves as at 30 June 2021 supplied by the JSE was used to determine the discounted rates and CPI assumptions at each relevant time period. This methodology was followed to present a more accurate depiction of the liablity.

The underlying future rate of the consumer price index (CPI inflations) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. A general earnings inflation rate equal of CPI +1% over the expected term of the liability has been assumed.

Movements in the present value of the benefit obligation were as follows:

Opening benefit obligation	13 877 000	12 707 467
Payment to members (benefits vesting)	(2 180 006)	(1 638 996)
Actuarial (Gain) / Loss	115 006	1 030 467
Interest and service cost charged to Statement of Financial Performance	2 501 000	1 778 062
Closing benefit obligation	**14 313 000**	**13 877 000**

Key actuarial assumptions

Discount rate	Yield Curve	Yield Curve
Salary inflation	CPI +1%	CPI +1%
Average retirement age	62	62

Assumptions	**Change**	**Liability**	**% change**
Central Assumptions		14 313 000	
General salary inflation	1%	15 228 000	6%
	-1%	13 478 000	-6%
Withdrawal rates	20%	13 860 000	-3%
	-20%	14 800 000	3%

Assumption	**Change**	**Current service cost**	**Interest cost**	**Total**	**% change**
Central assumptions		881 000	1 489 000	2 370 000	
General salary inflation	1 %	952 000	1 591 000	2 543 000	7 %
	-1 %	818 000	1 396 000	2 214 000	-7 %
Withdrawal rates	20%	838 000	1 438 000	2 276 000	-4 %
	-20 %	928 000	1 544 000	2 472 000	4 %

13. Employee benefits (continued)

History of Liabilities and Experience Adjustments	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Accrued liability	11 403 388	12 376 146	12 707 467	13 877 000	14 313 000
Experience adjustment	235 476	732 735	927 882	-	-

Retirement benefit information

The municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

These schemes are multi employer plans and are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

a) LA Retirement Fund (Previously: Cape Joint Pension Fund)

The LA Retirement Fund operates both as a defined benefit and defined contribution scheme.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

Defined Benefit Scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2020 disclosed an actuarial valuation amounting to R1 420 856 000 (30 June 2019 : R1 655 893 000), with a nett accumulated surplus of R0 (2019 : R11 167 000), with a funding level of 100% (30 June 2019 : 100.7%).

Defined Contribution Scheme

The actuarial valuation report at 30 June 2020 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R1 891 631 000 (30 June 2019 : R1 960 090 000), net investment reserve of Rnil (30 June 2019 : Rnil) and with a funding level of 100% (2019 : 100%).

The actuary concluded that:

- The funding level of the Pensioner Account reduced from 100.7% to 100.0% on the funding basis.

- The surplus in the Pensioner Account decreased from R11.2 million to zero as at the valuation date.

- TheTrustees awarded a 1.0% pension increase with effect from 1 January 2021 and 55% of monthly pension payable as a bonus in December 2020.

- The Defined Contribution Section funding level was 100% and is in a sound Financial condition with a Contingency Reserve Account of R5.2 million as at the valuation date.

The nature of the assets is suitable for the Fund. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are fully re-insured and this is appropriate for the size and nature of the Fund.

13. Employee benefits (continued)

b) Consolidated Retirement Fund for Local Government (Previously: Cape Joint Retirement Fund)

The contribution rate for members is 7.5% of basic salary, whilst the respective Local Authorities are contributing 19.5%.

The fund provides defined contribution benefits to its active members and deferred members. The benefit payable on exit of a member is the Member's Share. This is broadly equal to the contributions (after costs) with the addition of investment returns.

The last statutory valuation performed as at 30 June 2020 revealed that the assets of the fund amounted to R28,424,000,000 (30 June 2019: R26,128,000,000), with funding levels of 132.2% and 100.5% (30 June 2019 124.9% and 100%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2020 & 2019. The contribution rate paid by the members (7,50%/9%) and the municipalities (7,50%/19,5%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

c) The Municipal Workers Retirement Fund (Previously: SAMWU National Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948,000 (30 June 2014 : R6,574,775,000), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%.The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

d) The Municipal Councillors Pension Fund

The Municipal Councilors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R1,798,030,000 (30 June 2015 : R2,551,861,000), with funding levels of 103.26% (30 June 2015: 101.08%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2018, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short monatorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months.

14. Accumulated surplus

Ring- fenced internal funds within accumulated surplus - 2021

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	70 766 026	3 155 272	654 561 767	728 483 065
Surplus for the year	-	-	26 707 294	26 707 294
Property, plant and equipment purchases	(5 308 992)	(213 558)	5 522 550	-
	65 457 034	**2 941 714**	**686 791 611**	**755 190 359**

14. Accumulated surplus (continued)

Ring- fenced internal funds within accumulated surplus - 2020

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	68 220 558	3 291 509	610 688 578	682 200 645
Surplus for the year	-	-	46 282 420	46 282 420
Property, plant and equipment purchases	(7 436 532)	(136 237)	7 572 769	-
Intangible assets purchases	(18 000)	-	18 000	-
Transfer from/ to reserve	10 000 000	-	(10 000 000)	-
	70 766 026	**3 155 272**	**654 561 767**	**728 483 065**

15. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	57 263	6 440	(57 263)	6 440

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	13 471	57 263	(13 471)	57 263

The provision relates to insurance claims, which were not finalised at year end, but was finalised before the financial statements was authorised for issue.

16. Service charges

	2021	2020
Fire service charges	194 644	111 143

17. Rental of facilities and equipment

	2021	2020
Premises		
Premises	238 615	229 975

Future minimum lease payments due

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Premises	217 043	-	-	217 043

Included in the above rentals are operating lease rentals at straight-lined amounts of Rnil (2020:Rnil) as well as contingent rentals of Rnil (2020: Rnil).

Operating lease entered into with lessee for a period of 32 months subject to a escalation of not less than the average Consumer Price Index (CPI).

CWDM does not have any significant leasing arrangements.

No restrictions are imposed by any leasing arrangement.

Notes to the Financial Statements

Figures in Rand	2021	2020

18. Roads services

Department of Transport and Public Works	105 032 933	106 276 009

The municipality has a service level agreement with the WCPG, The Department of Transport and Public Works for rendering of services regarding the roads function within the jurisdiction of the CWDM.

19. Other income

Brokerage	60 716	58 293
LG SETA refund	252 413	334 719
Electricity income (Eerste Begin)	12 944	3 304
Insurance income	208 613	364 444
Tender document income	765	22 995
Municipal health income	669 682	647 865
Miscellaneous income	10 985	76 331
	1 216 118	**1 507 951**

20. Investment revenue

Interest on investments	38 231 810	55 405 905

21. Government grants and subsidies

Operating grants		
Equitable share	2 512 000	2 339 000
Sandhills - toilet hire	984 484	920 077
RSC Levy Replacement grant	236 373 000	229 717 000
Expanded Public Works	1 503 000	1 581 000
Community development workers (CDW) operational support grant	8 760	45 113
Local government financial management grant	1 000 000	1 000 000
Integrated transport planning	952 795	812 452
Local government support grant	-	100 000
Municipal disaster relief grant	-	119 000
Municipal system improvement grant	-	162
Western Cape financial management support grant	-	280 000
Municipal service delivery and capacity building grant	-	400 000
Local government internship grant	128 455	72 000
Safety initiative implementation - Whole of society approach (WOSA)	2 134 550	1 770 849
	245 597 044	**239 156 653**

Unconditional

Included in above are the following grants and subsidies received:

Equitable share	2 512 000	2 339 000
RSC Levy Replacement grant	236 373 000	229 717 000
	238 885 000	**232 056 000**

Figures in Rand	2021	2020

21. Government grants and subsidies (continued)

Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

Community development workers (CDW) operational support grant

Balance unspent at beginning of year	102 887	-
Current-year receipts	75 000	148 000
Conditions met - transferred to revenue	(8 760)	(45 113)
	169 127	**102 887**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Financial and Strategic Support Services.

To provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.

Integrated transport planning

Balance unspent at beginning of year	875 250	892 006
Current-year receipts	900 000	900 000
Conditions met - transferred to revenue	(952 794)	(812 452)
Refund of unspent portion	-	(104 304)
	822 456	**875 250**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Technical Services.

The funds were utilised to review and update municipal Integrated Transport Plans in terms of the National Land Transport Act, 2009 (Act No. 5 of 2009).

Local government financial management grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	**-**

Strategic Objective: Financial and Strategic Support Services.

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

This grant was mainly utilised to improve on the municipality's audit outcome, the District Maintenance Maturity Asesessment and to implement National Treasury's internship programme.

Figures in Rand	2021	2020

21. Government grants and subsidies (continued)

Fire service capacity building grant

Balance unspent at beginning of year	1 046 000	-
Current-year receipts	-	1 046 000
	1 046 000	**1 046 000**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Community Development and Planning Services.

To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.

Western Cape financial management support grant

Balance unspent at beginning of year	-	895 040
Current-year receipts	-	280 000
Conditions met - transferred to revenue	-	(280 000)
Refund of unspent portion	-	(895 040)
	-	**-**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Financial and Strategic Support Services and Office of the Municipal Manager.

To provide financial assistance to municipalities to improve overall governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal outcomes and addressing institutional challenges.

The municipality utilised the funds for mSCOA implementation and support.

Water and sanitation

Balance unspent at beginning of year	35 560	35 560
Refund of unspent portion	(35 560)	-
	-	**35 560**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Technical Services

No funds were utilised during the 2019/2020 financial year and was paid back to the Department of Human settlements during the 2020/2021 financial year.

Sandhills-toilet hire

Balance unspent at beginning of year	-	-
Current-year receipts	984 484	920 077
Conditions met - transferred to revenue	(984 484)	(920 077)
	-	**-**

Strategic Objective: Technical Services.

The allocation is made to the municipality by the Department of Transport and Public Works as a refund for temporary toilets hired in Sandhills.

Figures in Rand	2021	2020

21. Government grants and subsidies (continued)

Expanded Public Works

Balance unspent at beginning of year	-	-
Current-year receipts	1 503 000	1 581 000
Conditions met - transferred to revenue	(1 503 000)	(1 581 000)
	-	**-**

Strategic Objective: Financial and Strategic Support Services, Community Development & Planning Services and Technical Services.

This grant incentivises the municipality to expand job creation efforts through the use of labour intensive delivery methods in various identified focus areas, in compliance with the Expanded Public Works Programme Guidelines.

The grant contributed towards increased levels of employment in areas where unemployment is relatively high as well as providing work experience and gaining expertise through in house training.

Western Cape financial management capacity building grant

Balance unspent at beginning of year	380 000	278 719
Current-year receipts	-	380 000
Refund of unspent portion	(380 000)	(278 719)
	-	**380 000**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Financial and Strategic Support Services

To develop financial human capacity within the muncipal area to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

Rural Roads Asset Management System grant (RRAMS)

Balance unspent at beginning of year	2 849 000	296 234
Current-year receipts	2 711 000	2 849 000
Refund of unspent portion	(2 849 000)	(296 234)
	2 711 000	**2 849 000**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Technical Services.

The purpose is to assist rural district municipalities in setting up their road asset management systems and collect road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

Municipal Service Delivery and Capacity Building Grant

Balance unspent at beginning of year	-	400 000
Conditions met - transferred to revenue	-	(400 000)
	-	**-**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Financial and Strategic Support Services

Figures in Rand	2021	2020

21. Government grants and subsidies (continued)

To provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance and service delivery.

Local Government Internship Grant

Balance unspent at beginning of year	160 000	72 000
Current-year receipts	-	160 000
Conditions met - transferred to revenue	(128 455)	(72 000)
	31 545	**160 000**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Financial and Strategic Support Services

The purpose of the grant is to provide financial assistance to municipalities in support of capacity building for the future by means of an internship programme.

Safety initiative implementation - Whole of society approach (WOSA)

Balance unspent at beginning of year	329 151	1 000 000
Current-year receipts	2 100 000	1 100 000
Conditions met - transferred to revenue	(2 134 550)	(1 770 849)
	294 601	**329 151**

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Community Development and Planning Services.

To enable a resilient, sustainable, quality living environment through the operationalisation of a Safety Plan.

Local Government Support Grant

Balance unspent at beginning of year	-	-
Current-year receipts	-	100 000
Conditions met - transferred to revenue	-	(100 000)
	-	**-**

Strategic Objective: Community Development and Planning Services.

To provide financial assistance to district municipalities to perform the administrative and monitoring role, including data management relating to humanitarian relief.

To provide financial assistance to local municipalities to augment and support current humanitarian relief initiatives.

Figures in Rand	2021	2020

21. Government grants and subsidies (continued)

Municipal Disaster Relief Grant

Balance unspent at beginning of year	-	-
Current-year receipts	-	119 000
Conditions met - transferred to revenue	-	(119 000)
	-	-

Strategic Objective: Community Development and Planning Services.

To provide for the immediate release of disaster response.

Municipal systems improvement grant

Balance unspent at beginning of year	-	162
Conditions met - transferred to revenue	-	(162)
	-	-

Conditions still to be met - remain liabilities (see note 11).

Strategic Objective: Financial and Strategic Support Services.

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.

22. Public contributions and donations

Public contributions and donations	17 240	-

Reconciliation of conditional contributions

Balance unspent at beginning of year	727 945	727 945
Conditions met - transferred to revenue	(17 240)	-
Refund of unspent portion	(450 113)	-
	260 592	**727 945**

Conditions still to be met - remain liabilities (see note 11)

2021	**Balance unspent at beginning of year**	**Current year receipts**	**Conditions met - transferred to revenue**	**Refund of unspent portion**	**Balance unspent at the end of the year**
Road station road Ceres	277 831	-	(17 240)	-	260 591
Upgrade of Rural Roads: De Novo	450 114	-	-	(450 114)	-
	727 945	**-**	**(17 240)**	**(450 114)**	**260 591**

2020	**Balance unspent at beginning of year**	**Current year receipts**	**Conditions met - transferred to revenue**	**Refund of unspent portion**	**Balance unspent at the end of the year**
Road station road Ceres	277 831	-	-	-	277 831
Upgrade of Rural Roads: De Novo	450 114	-	-	-	450 114
	727 945	**-**	**-**	**-**	**727 945**

Figures in Rand	2021	2020

23. Employee related costs

	2021	2020
Basic	121 712 558	117 515 628
Bonus	9 817 509	9 478 156
Medical aid - company contributions	12 492 678	12 044 802
UIF	771 951	764 708
WCA	976 739	996 071
Leave pay provision charge	2 606 703	4 263 190
Defined contribution plans	20 644 967	19 988 774
Travel, motor car, accommodation, subsistence and other allowances	12 274 761	12 619 986
Overtime payments	8 363 816	7 398 321
Current service cost	2 666 584	2 633 428
Acting allowances	169 296	247 763
Actuarial loss / (gain)	(136 737)	(8 324 283)
Housing benefits and allowances	4 801 378	4 941 679
Other allowances	6 691 517	6 330 953
Interest cost	16 984 705	10 158 010
Group schemes	1 535 395	1 270 288
Telephone	697 111	707 970
Performance bonus	630 219	246 803
	223 701 150	**203 282 247**

2021	**Long service awards**	**Ex gratia**	**PRMA**	**Less: Funded asset**	**Total**
Current service cost	852 000	-	2 618 000	(803 416)	2 666 584
Interest cost	1 649 000	74 000	20 739 000	(5 477 295)	16 984 705
Net actuarial (gains)/ losses recognised	115 006	245 170	(7 443 229)	6 946 316	(136 737)
	2 616 006	**319 170**	**15 913 771**	**665 605**	**19 514 552**

2020	**Long service awards**	**Ex gratia**	**PRMA**	**Less: Funded asset**	**Total**
Current service cost	812 496	-	2 447 928	(626 996)	2 633 428
Interest cost	965 566	141 098	12 578 906	(3 527 560)	10 158 010
Net actuarial (gains)/ losses recognised	1 030 467	(203 106)	(16 372 687)	7 221 043	(8 324 283)
	2 808 529	**(62 008)**	**(1 345 853)**	**3 066 487**	**4 467 155**

23. Employee related costs (continued)

Remuneration of senior management

2021	Basic salary	Car allowance	Performance bonuses	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager	1 260 503	360 000	169 857	79 883	24 000	1 894 243
Chief Financial Officer	997 776	240 000	151 246	243 964	132 154	1 765 140
ED: Community development and planning services (P.A. Williams)	1 096 848	300 000	70 520	32 424	24 000	1 523 792
ED: Technical services	1 161 269	150 000	151 246	253 417	24 000	1 739 932
	4 516 396	**1 050 000**	**542 869**	**609 688**	**204 154**	**6 923 107**

2020	Basic Salary	Car allowance	Performance bonuses	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager	1 346 702	283 500	169 857	70 156	24 000	1 894 215
Chief Financial Officer	659 874	240 000	144 319	160 664	463 409	1 668 266
ED: Community development and planning services (P.A. Williams)	548 800	150 000	-	15 822	12 000	726 622
ED: Community development and planning services (C.V. Schroeder)	183 340	29 758	-	39 277	833 117	1 085 492
Acting ED: Community development and planning services (B. Darries)	85 166	-	-	-	4 500	89 666
ED: Technical services	1 095 380	150 000	129 887	245 771	24 000	1 645 038
	3 919 262	**853 258**	**444 063**	**531 690**	**1 361 026**	**7 109 299**

The following accrued to key management personnel in terms of GRAP 25 at year end:

Staff leave		
Municipal Manager	205 211	149 693
Chief Financial Officer	57 401	91 112
ED: Community development and planning services (P.A. Williams)	68 793	68 793
ED: Technical Services	89 290	110 669
	420 695	**420 267**

Figures in Rand	2021	2020

24. Remuneration of councillors

Executive Mayor	1 091 397	1 091 397
Deputy Mayor	554 727	554 727
Speaker	881 997	881 997
Other Councillors	10 129 062	10 081 908
	12 657 183	**12 610 029**

2021	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive Mayor	364 712	110 162	180 000	436 523	1 091 397
Deputy Mayor	432 026	-	122 701	-	554 727
Speaker	627 609	78 799	101 189	74 400	881 997
Other Councillors	7 390 092	329 918	1 743 052	666 000	10 129 062
	8 814 439	**518 879**	**2 146 942**	**1 176 923**	**12 657 183**

2020	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive Mayor	369 514	105 360	180 000	436 523	1 091 397
Deputy Mayor	432 026	-	122 701	-	554 727
Speaker	629 424	76 984	101 189	74 400	881 997
Other Councillors	7 368 587	304 267	1 743 054	666 000	10 081 908
	8 799 551	**486 611**	**2 146 944**	**1 176 923**	**12 610 029**

The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

25. Depreciation and amortisation

Property, plant and equipment	9 109 939	8 348 117
Intangible assets	128 379	128 730
	9 238 318	**8 476 847**

26. Debt impairment

Debt impairment	32 597	231 779
Debt impairment reversal	-	(181 186)
	32 597	**50 593**

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Notes to the Financial Statements

Figures in Rand	2021	2020
27. Transfers and subsidies		
Grants in aid		
Community and Social Services	299 025	61 608
Farmer households	1 138 499	153 180
Social relief	-	254 210
Sport and recreation	564 146	418 790
Private Enterprises	960 566	-
	2 962 236	**887 788**
Monetary allocations		
Fire services	250 000	250 000
Farmer households	1 185 000	1 148 000
Community and social services	329 982	680 000
Social relief	399 995	358 397
Tourism	2 269 873	1 907 803
Sport and recreation	1 276 334	1 345 283
Support to Local Municipalities	3 500 000	12 280 641
	9 211 184	**17 970 124**
	12 173 420	**18 857 912**

28. Contracted services

Figures in Rand	2021	2020
Outsourced Services		
Alien Vegetation Control	1 711 716	1 030 052
Burial Services	12 250	14 250
Business and Advisory	2 407 133	686 698
Cleaning Services	323 624	176 366
Clearing and Grass Cutting Services	2 266 276	168 387
Hygiene Services	1 508 980	1 062 285
Professional Staff	110 630	946 965
Security Services	1 822 990	2 971 552
Translators, Scribes and Editors	171 673	309 239
Traffic Control	-	193 444
Consultants and Professional Services		
Business and advisory	4 081 977	6 066 629
Infrastructure and planning	1 184 575	19 273
Laboratory services	1 812 430	1 888 489
Legal cost	140 967	210 187
Contractors		
Artists and Performers	460 100	254 950
Audio-visual Services	14 709	16 000
Catering Services	293 012	789 231
Employee Wellness	150 135	18 600
Fire Services	8 340 441	15 947 157
Gardening Services	75 367	-
Graphic Designers	83 188	2 700
Maintenance of Buildings, Facilities, Equipment and Unspecified Assets	4 759 285	3 914 092
Medical Services	5 100	739
Pest Control and Fumigation	3 522	16 580
Photographer	7 929	3 500
Plants, Flowers and Other Decorations	930	2 300
Transportation	16 417	-
Stage and Sound Crew	21 789	50 830
Exhibit Installations	-	26 984
	31 787 145	**36 787 479**

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Notes to the Financial Statements

Figures in Rand	2021	2020

29. General expenses

Achievements and awards	17 174	116 477
Advertising, publicity and marketing	3 496 831	2 550 594
Bank charges, facility and card fees	264 812	79 928
Bargaining council	56 301	52 574
Bursaries (employees)	21 915	-
Communications	4 285 384	3 454 895
Courier and delivery services	52 508	1 310
Deeds	1 932	906
Drivers licenses and permits	15 696	16 635
External computer services	6 811 240	6 965 822
Full time union representatives	74 193	201 581
Hire charges	6 938 012	9 062 180
Insurance underwriting	2 405 379	2 284 592
Licenses	87 664	125 166
Municipal services	6 372 590	6 192 116
Parking fees	-	250
Printing and stationery	1 299 161	986 079
Printing, publication and books	297 299	142 237
Refreshments	191 206	195 421
Professional bodies, membership and subscription	2 152 063	2 033 102
Registration fees	24 904	117 754
Road worthy test	11 190	14 559
Skill development fund levy	1 506 311	1 435 541
Tollgate fees	207 453	157 377
Transport provided as part of departmental activities	215 807	1 001 800
Travel agency and visas	-	2 965
Travel and subsistence	546 897	1 546 155
Uniforms and protective clothing	977 985	1 085 145
Vehicle tracking	394 207	360 412
Wet fuel	8 049 544	7 178 333
Chemicals	149 453	169 689
Cleaning Materials	302 553	357 021
Materials and supplies	22 918 322	23 361 097
Auditors remuneration	2 308 865	3 093 930
Office decorations	-	3 199
Entrance fees	-	28 700
Samples and Specimens	-	56
Entertainment	20 159	16 592
Consumables	1 159 680	897 715
	73 634 690	**75 289 905**

30. Auditors' remuneration

Fees	2 308 865	3 093 930

31. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications had on the amount previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amount involved.

Statement of Financial Position

	Audited	Prior year error	Reclassifications	Restated
Assets				
Current Assets				
Cash and cash equivalents	716 992 699	-	-	716 992 699
Trade receivables from exchange transactions	74 781	-	-	74 781
Other receivables from exchange transactions	26 075 197	(486 434)	-	25 588 763
Receivables from non-exchange transactions	313 530	-	-	313 530
Inventories	2 888 968	-	-	2 888 968
VAT receivable	1 441 403	-	-	1 441 403
Employee benefit asset	2 002 682	-	-	2 002 682
	749 789 260	**(486 434)**	**-**	**749 302 826**
Non-Current Assets				
Property, plant and equipment	158 436 891	8 179	-	158 445 071
Intangible assets	867 211	(129 281)	-	737 930
Employee benefit asset	5 430 459	-	-	5 430 459
	164 734 561	**(121 102)**	**-**	**164 613 460**
Total Assets	**914 523 821**	**(607 536)**	**-**	**913 916 286**
Liabilities				
Current Liabilities				
Payables from exchange transactions	8 220 682	(267 584)	-	7 953 098
Unspent conditional grants and receipts	6 505 793	-	-	6 505 793
Provisions	57 263	-	-	57 263
Employee benefit obligation	34 655 570	-	-	34 655 570
	49 439 308	**(267 584)**	**-**	**49 171 724**
Non-Current Liabilities				
Employee benefit obligation	136 261 501	-	-	136 261 501
Total Liabilities	**185 700 809**	**(267 584)**	**-**	**185 433 225**
Net Assets	**728 823 012**	**(339 952)**	**-**	**728 483 061**
Net Assets				
Accumulated surplus	728 823 012	(339 951)	-	728 483 061

Figures in Rand	2021	2020

31. Prior period errors (continued)

31.1 Other receivables from exchange transactions

Balance previously reported		26 075 197
Other receivables*		(20 000)
Staff debtor**		(466 434)
		25 588 763

* Due to Covid-19 and the lock downs during the 2019/2020 financial year, McGregor Tourism cancelled a project for which funds were received from the CWDM. A debtor was raised incorrectly i.r.o the refund of the R 20 000 transfer made to McGregor Tourism during the 2019/2020 financial year, as the funds were already paid back to the CWDM on 05 June 2020.

** A staff debtor was raised pertaining to fruitless and wastefull expenditure where payments were made and the project was not fully completed. A subsequent investigation followed and it was concluded that value for money was received for the money spent.

31.2 Property, plant and equipment

Balance previously reported		158 436 891
Accumulated Depreciation: The depreciation of PPE Additions of 2019/2020 correction *		8 180
		158 445 071

* The depreciation of the Property, Plant and equipment's additions for 2019/2020 financial year were calculated incorrectly on the financial system. The error impacted the Accumulated depreciation of Buildings R11 247, Furniture and fittings (R1 066), Motor Vehicles (R13 999), Office Equipment (R6 069), Plant and equipment (R3 018) and Other Plant and equipment R4 727. The error also impacted the depreciation for 2019/2020 financial year of Property, Plant and equipment with (R8 180).

31.3 Intangible assets

Balance previously reported		867 211
Accumulated Amortisation: The amortisation of Intangible Assets Additions of 2019/2020 correction *		1 582
Intangible assets Cost corrected as general expenditure **		(220 933)
Intangible assets: Accumulated Amortisation corrected as general expenditure **		90 070
		737 930

* The amortisation of the Intangible assets's additions for 2019/2020 financial year were calculated incorrectly on the financial system. The error impacted the Accumulated amortisation of Intangibles assets with (R1 582). The error also impacted the amortisation for 2019/2020 financial year of Intangible Assets with (R1 582).

** Software licences were incorrectly accounted for as an Intangible asset. The software licences payments were for services received in the respective financial year and therefore meets the definition of an expense.The error impacted the Opening balance of Cost (R202 933), the Opening balance of Accumulated Amortisation (R68 330) and the Opening balance of Accumulated surplus of 2019/2020 financial year of R134 604. The error also impacted the cost (R18 000), Amortisation R21 742, Accumulated amortisation (R21 742) and surplus R18 000 for 2019/2020 financial year.

31.4 Payables from exchange transactions

Balance previously reported		8 220 682
Retention *		(267 584)
		7 953 098

31. Prior period errors (continued)

* An amount of R 92 227 was held back as retention for the extension of sidewalks- Robertson Phase 2, which was not completed by the contractor. The WCPG agreed to complete the project and the retention money held should have been reversed to the expenditure item. The retention amount of R175 357 that was held back for the Upgrading of the Divisional & Minor Road was paid back to the contractor during the 2015/2016 financial year.

31.5 Accumulated surplus

Balance previously reported	728 823 012
Other receivables *	(20 000)
Accumulated Depreciation: The depreciation of PPE Additions of 2019/2020 correction**	8 180
Accumulated Amortisation: The amortisation of Intangible Assets Additions of 2019/2020 correction ***	1 582
Staff debtor ****	(466 434)
Retention *****	267 584
Intangible assets corrected as general expenditure ******	(130 863)
	728 483 061

* Due to Covid-19 and the lock downs during the 2019/2020 financial year, McGregor Tourism cancelled a project for which funds were received from the CWDM. A debtor was raised incorrectly i.r.o the refund of the R 20 000 transfer made to McGregor Tourism during the 2019/2020 financial year, as the funds were already paid back to the CWDM on 05 June 2020.

** The depreciation of the Property, Plant and equipment's additions for 2019/2020 financial year were calculated incorrectly on the financial system. The error impacted the Accumulated depreciation of Buildings R11 247, Furniture and fittings (R1 066), Motor Vehicles (R13 999), Office Equipment (R6 069), Plant and equipment (R3 018) and Other Plant and equipment R4 727. The error also impacted the depreciation for 2019/2020 financial year of Property, Plant and equipment with (R8 180).

*** The amortisation of the Intangible assets's additions for 2019/2020 financial year were calculated incorrectly on the financial system. The error impacted the Accumulated amortisation of Intangibles assets with (R1 582). The error also impacted the amortisation for 2019/2020 financial year of Intangible Assets with (R1 582).

**** A staff debtor was raised pertaining to fruitless and wastefull expenditure where payments were made and the project was not fully completed. A subsequent investigation followed and it was concluded that value for money was received for the money spent.

***** An amount of R 92 227 was held back as retention for the extension of sidewalks- Robertson Phase 2, which was not completed by the contractor. The WCPG agreed to complete the project and the retention money held should have been reversed to the expenditure item. The retention amount of R175 357 that was held back for the Upgrading of the Divisional & Minor Road was paid back to the contractor during the 2015/2016 financial year.

****** Software licences were incorrectly accounted for as an Intangible asset. The software licences payments were for services received in the respective financial year and therefore meets the definition of an expense.The error impacted the Opening balance of Cost (R202 933), the Opening balance of Accumulated Amortisation (R68 329) and the Opening balance of Accumulated surplus of 2019/2020 financial year of R134 604. The error also impacted the cost (R18 000), Amortisation R21 742, Accumulated amortisation (R21 742) and surplus R18 000 for 2019/2020 financial year.

31. Prior period errors (continued)

Statement of Financial Performance

	Audited	Prior year error	Reclasifications	Restated
Revenue				
Revenue from exchange transactions				
Service charges	111 143	-	-	111 143
Rental of facilities and equipment	229 975	-	-	229 975
Roads services	106 276 009	-	-	106 276 009
Other income	1 507 951	-	-	1 507 951
Interest received - investment	55 405 905	-	-	55 405 905
Total revenue from exchange transactions	**163 530 983**	**-**	**-**	**163 530 983**
Revenue from non-exchange transactions				
Transfer revenue				
Government grants & subsidies	239 156 653	-	-	239 156 653
Total revenue	**402 687 636**	**-**	**-**	**402 687 636**
Expenditure				
Employee related costs	(203 282 247)	-	-	(203 282 247)
Remuneration of councillors	(12 610 029)	-	-	(12 610 029)
Depreciation and amortisation	(8 508 351)	31 504	-	(8 476 847)
Debt impairment	(50 593)	-	-	(50 593)
Bad debt written off	(162 507)	-	-	(162 507)
Contracted services	(36 787 479)	-	-	(36 787 479)
Lease rentals on operating lease	(271 040)	-	-	(271 040)
Transfers and subsidies	(18 837 912)	(20 000)	-	(18 857 912)
General Expenses	(75 271 906)	(18 000)	-	(75 289 905)
Total expenditure	**(355 782 064)**	**(6 496)**	**-**	**(355 788 559)**
Operating surplus	**46 905 572**	**(6 496)**	**-**	**46 899 077**
Loss on disposal of assets and liabilities	(581 218)	-	-	(581 218)
Inventories losses/ write-downs	(35 439)	-	-	(35 439)
	(616 657)	**-**	**-**	**(616 657)**
Surplus for the year	**46 288 915**	**(6 496)**	**-**	**46 282 420**

31.6 Depreciation and amortisation

Balance previously reported	(8 508 351)
Accumulated Depreciation: The depreciation of PPE Additions of 2019/2020 correction*	8 180
Accumulated Amortisation: The amortisation of Intangible Assets Additions of 2019/2020 correction **	1 582
Intangible assets corrected as general expenditure ***	21 742
	(8 476 847)

* The depreciation of the Property, Plant and equipment's additions for 2019/2020 financial year were calculated incorrectly on the financial system. The error impacted the Accumulated depreciation of Buildings R11 247, Furniture and fittings (R1 066), Motor Vehicles (R13 999), Office Equipment (R6 069), Plant and equipment (R3 018) and Other Plant and equipment R4 727. The error also impacted the depreciation for 2019/2020 financial year of Property, Plant and equipment with (R8 180).

Figures in Rand	2021	2020

31. Prior period errors (continued)

** The amortisation of the Intangible assets's additions for 2019/2020 financial year were calculated incorrectly on the financial system. The error impacted the Accumulated amortisation of Intangibles assets with (R1 582). The error also impacted the amortisation for 2019/2020 financial year of Intangible Assets with (R1 582).

*** Software licences were incorrectly accounted for as an Intangible asset. The software licences payments were for services received in the respective financial year and therefore meets the definition of an expense.The error impacted the Opening balance of Cost (R202 933), the opening balance of Accumulated Amortisation (R68 329) and the opening balance of Accumulated surplus of 2019/2020 financial year of R134 604. The error also impacted the cost (R18 000), Amortisation and Accumulated amortisation (R21 742) of Intangibles with (R21 742) and accumulated surplus (R18 000) for 2019/2020 financial year.

31.7 Transfers and subsidies

Balance previously reported		(18 837 912)
Tourism *		(20 000)
		(18 857 912)

* Due to Covid- 19 and the lock downs during the 2019/2020 financial year McGregor Tourism cancelled a project for which funds were received from the CWDM. A debtor was raised incoreclty during the 2019/2020 financial year for a refund of the transfer of R20 000 from McGregor Toursim as they did refund the money on the 5 June 2020.

31.8 General Expenses

Balance previously reported		(75 271 905)
Assets less than the capitalisation threshold *		58 083
Consumables *		(42 403)
Materials and Supplies *		(15 680)
External computer services **		(18 000)
		(75 289 905)

* An assessment was made on the expenditure recorded as assets less than the capitalisation thershold in the previous financial year and it was concluded that the expenditure was incorrectly classified. The expenditure are therefore reclassified to Consumables and Materials and Supplies.

** Software licences were incorrectly accounted for as an Intangible asset. The software licences payments were for services received in the respective financial year and therefore meets the definition of an expense.The error impacted the Opening balance of Cost (R202 933), the opening balance of Accumulated Amortisation (R68 330) and the opening balance of Accumulated surplus of 2019/2020 financial year of R134 604. The error also impacted the cost (R18 000), Amortisation and Accumulated amortisation (R21 741) of Intangibles with (R21 741) and accumulated surplus (R18 000) for 2019/2020 financial year.

31.9 Additional disclosure

Irregular expenditure		
Correction of prior period error	1 486 022	-

Two cases where payments were made in terms of a contract with a consulting engineer where where delays in completion resulted in additional supervision, as well as the technical specialists required during the construction phase, geotechnical services and health and safety inspections and guidance as enforced by the Construction Regulations, 2014 under the Occupational Health and Safety Act, 1993 and where the amounts charged, exceeded the allowable fee that is based on the sub-appointed contractor's costs.

An investigation, subsequent to the initial investigation, concluded on 2 February 2021 that fair value has been received for portions completed partially in terms of the services and value that was delivered in the one case. Also, that fair value has been received for those portions of the tender that have been completed (fully or partially) and that the increased fee of R195,944 should be paid to the consulting engineer.

Figures in Rand	2021	2020

31. Prior period errors (continued)

Adequate processes in terms of MFMA Section 116 and Supply Chain Management Policy of the Municipality was not followed to expand on the respective contracts. The subsequent investigation was concluded in February 2021.

Financial instruments (Note 33)

The comparative amounts that were disclosed in the 2019/2020 financial instruments disclosure note 33 were amended from the amounts disclosed in the 2019/2020 financial statements. This was due to the correction of errors as included in note 33 relating to Other receivables from exchange transactions (note 31.1)

32. Cash generated from operations

	2021	2020
Surplus	26 707 296	46 282 420
Adjustments for:		
Depreciation and amortisation	9 238 318	8 476 847
Loss on sale of assets and liabilities	167 052	581 218
Debt impairment	32 597	50 593
Movements in retirement benefit assets and liabilities	15 937 623	5 442 309
Inventory write off	91 017	35 439
Changes in working capital:		
Other receivables from exchange transactions	4 288 666	3 966 035
Trade Receivables from exchange transactions	(18 802)	(90 604)
Other receivables from non-exchange transactions	229 661	(240 276)
Movement in provisions	(50 823)	43 792
Payables from exchange transactions	(3 355 661)	3 354 897
VAT	(273 920)	(1 492 900)
Unspent conditional grants and receipts	(1 170 472)	1 908 127
Inventories	36 754	(392 156)
Employee benefit obligation	6 522 945	9 207 355
Long term receivable	(6 522 945)	(9 207 355)
	51 859 306	**67 925 741**

33. Financial intruments

Financial risk management

The accounting policy for financial instruments were applied to the following Statement of Financial Position items:

	2021	2020
Financial assets at amortised cost		
Trade receivables from exchange transactions	60 986	74 781
Other receivables from exchange transactions	18 997 269	23 189 098
Receivables from non-exchange transactions	83 869	313 530
Cash and Cash equivalents	766 153 639	716 992 699
	785 295 763	**740 570 108**

	2021	2020
Financial liabilities at amortised cost		
Payables from exchange transactions	7 421 618	7 953 100

Refer to notes 3, 4, 5 ,8 and 12 for additional disclosures.

Liquidity risk

The municipality has limited exposure to liquidity risk and is able to meet its financial obligations as it falls due. The municipality limits exposure to liquidity risk by ensuring all liabilities are cash backed.

The following are contractual maturities of financial assets and liabilities.

33. Financial intruments (continued)

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	7 421 618	-	-	-

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	7 953 098	-	-	-

Credit risk

Credit risk consists mainly of cash and cash equivalents. The municipality only deposits cash with multiple banks, limiting exposure to any one counter-party.

The carrying amount of receivables and cash and cash equivalents represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets at amortised cost	2021	2020
Other receivables from exchange transactions	18 997 269	23 189 098
Trade receivables from exchange transactions	60 986	74 781
Cash and cash equivalents	766 153 639	716 992 699
Receivables from non-exchange transactions	83 869	313 530

Fair Values

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

There were no changes in the municipality's approach to financial risk management from the prior year.

Interest rate risk

The municipality's exposure to interest rate risk and effective interest rate on financial instruments at balance sheet date are as follows:

The council has no outstanding loans as at 30 June 2021 (2020: R nil). The average interest rate on investments is 5.14% (2020: 7.89%). The municipality invest with multiple banks with varying interest rates linked to the prime rate.

Market risk

It is the risk that changes in market prices, such as foreign currency exchange rates and interest rates that will affect the municipality's projected income. The municipality does not hold any assets that are impacted by changes in the market.

Foreign currency risk is deemed to be minimal as very few foreign currency transactions are conducted.

There were no changes in the municipality's approach to financial risk management from the prior year.

34. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 755 190 440 (2020: R 728 483 061).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

With the abolishment of the Regional Services Council Levies on 30 June 2006, the CWDM is dependent on Government Grants, including the Equitable Share, for approximately 62% of the municipality's revenue. In addition, funds received for Roads services account for a further 29%.

Figures in Rand	2021	2020

35. Unauthorised expenditure

No unauthorised expenditure were incurred and identified for the current and previous financial years.

36. Fruitless and wasteful expenditure

	2021	2020
Opening balance as previously reported	-	69 750
Opening balance as restated	**-**	**69 750**
Add: Fruitless and Wasteful Expenditure - current period	-	-
Add: Fruitless and Wasteful Expenditure - prior period	-	-
Add: Fruitless and Wasteful Expenditure - prior period	-	-
Less: Amounts recoverable - current	-	-
Less: Amounts recoverable - prior period	-	(69 750)
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	**-**	**-**

Cases under investigation

a) Nil (2019/2020: Nil) cases related to payments made in terms of a contract with a contractor for the upgrading of ablution facilities in excess of the construction work completed.

2020/2021

(i) No incidences occurred in the current year.

2019/2020

(i) In respect of 1 (one) case that relates to an incident identified in the 2018/2019 financial year, after an investigation in terms of MFMA Section 32, Council resolved on 25 June 2020 that the Fruitless and Wasteful Expenditure made, be recovered. The relevant consequence management process has subsequently been concluded.

37. Irregular expenditure

	2021	2020
Opening balance as previously reported	-	135 013
Correction of prior period error	1 486 022	-
Opening balance as restated	**1 486 022**	**135 013**
Add: Irregular Expenditure - current	-	-
Add: Irregular Expenditure - prior period	-	-
Add: Irregular Expenditure - prior period	-	-
Less: Amounts recoverable - current	-	-
Less: Amounts recoverable - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	(1 486 022)	(135 013)
Closing balance	**-**	**-**

Cases under investigation

a) Nil (2019/2020: 2 [two]) cases related to other non-compliance with laws, regulations, council policies and/or by-laws.
An expansion was made on a contract for an appointed consulting engineer without following the process in terms of the SCM Policy of the municipality and Section 116(3) of the MFMA. Payments were made in terms of a contract with a consulting engineer where delays in completion resulted in additional fees and where the amounts charged, exceeded the allowable fee that is based on the sub-appointed contractor’s costs.

	2021	2020
Local Government: Municipal Finance Management Act and Supply Chain Management Policy	1 486 022	-

37. Irregular expenditure (continued)

2020/2021

(i) In respect of 2(two) cases that relate to payments made in terms of a contract with a consulting engineer where delays in completion resulted in additional supervision, as well as the technical specialists required during the construction phase, geotechnical services and health and safety inspections and guidance as enforced by the Construction Regulations, 2014 under the Occupational Health and Safety Act, 1993 and where the amounts charged, exceeded the allowable fee that is based on the sub-appointed contractor's costs.

An investigation, subsequent to the initial investigation, concluded that -
(a) Value for money has been received for those portions of tender (T2015/057) that have been completed partially in terms of the services and value that was delivered;
(b) Value for money has been received for those portions of the tender (T2016/069) that have been completed (fully or partially); and
(c) The increased fee of R195 944 (VAT inclusive) should be paid to Nadeson Consulting Services.

As at reporting date the relevant consequence management process has been concluded.

(ii) In respect of 1 (one) case that relates to an incident identified in the 2017/2018 financial year (R88 301 included in the 2018/2019 opening balance of R161 465), all consequence management processes have been concluded.

2019/2020

(ii) In respect of 1 (one) case that relates to an incident identified in the 2017/2018 financial year (R88 301 included in the 2018/2019 opening balance of R161 465) it was required that consequence management be instituted against three officials. As disclosed in the 2018/2019 financial year, Council resolved that the irregular expenditure be certified as irrecoverable and be written off. As at reporting date two of the three consequence management processes have been concluded.

b) Nil (2019/2020: Nil) cases related to non-compliance with procurement process requirements.
Goods and services were acquired without following adequate processes in terms of the Supply Chain Management Policy of the municipality. In addition, in 1(one) case an error was made in the application of the PPPFA Regulations.

2020/2021

(i) No incidences occurred in the current year.

(ii) No incidences occurred in the current year.

2019/2020

(i) In respect of 2 (two) cases that were uncorrected errors due to pending investigations in the 2017/2018 financial year (R135 013 included in the 2019/2020 opening balance), but that were corrected in 2018/2019, after an investigation in terms of MFMA section 32, Council resolved that the irregular expenditure be certified as irrecoverable and be written off. The relevant consequence management processes have been concluded.

(ii) In respect of 3 (three) cases that relate to incidents identified in the 2017/2018 financial year, the relevant consequence management processes have subsequently been concluded.

38. Contingencies

38.1 Contingent liabilities

(i) 2021: The status remains the same as reported on the previous year of the delictual claim for damages in the amount of R451 000 against CWDM and the Minister of Transport and Public Works by a Mr P Afrika allegedly arising from an accident in July 2008. At pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the municipality is reduced to approximately R100 000. The said process is currently pending. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

38. Contingencies (continued)

(2020: The status of the delictual claim for damages in the amount of R451 000 against CWDM and the Minister of Transport and Public Works by a Mr P Afrika allegedly arising from an accident in July 2008, remains the same as reported on the previous year. At pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the municipality is reduced to approximately R100 000. The said process is currently pending. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(ii) 2021: The status of the claim, where the plaintiff included the CWDM as the second of three defendants in this matter, is the same as previously reported that the parties are currently awaiting a trial date. The insurance brokers of the municipality who are currently dealing with the matter: Mariska Cordy/ CWDM/ Stellenbosch Municipality states that that pre-trial proceeded and the matter was adjourned until 15 October 2018 to enable the parties to comply with the timetable set out in the agreed pre-trial minutes. The settlement per the summons issued amounts to R6 142 100. The settlement amount is to be paid by the insurance company on behalf of the municipality and it would be expected of the municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(2020: The status of the claim remains the same as reported on in the previous year that the parties are currently awaiting a trial date. The insurance brokers of the municipality who are currently dealing with the matter: Mariska Cordy/ CWDM/ Stellenbosch Municipality states that that pre-trial proceeded and the matter was adjourned until 15 October 2018 to enable the parties to comply with the timetable set out in the agreed pre-trial minutes. The settlement per the summons issued amounts to R6 142 100. The plaintiff included the CWDM s the second of three defendants in this matter. The settlement amount is to be paid by the insurance company on behalf of the mnicipality and it would be expected of the mnicipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(iii) 2021: The status of the claim where the CWDM jointly added as a third party, remains the same as reported on in the previous year. Specifically that on 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conrade Trust (the plaintiffs) instituted action against the trustees of the Thera Trust (the defendants) for the damages suffered in the amount of R2 371 525 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conradie Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the CWDM was joint as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the municipality's insurers and a fire incident report was accordingly provided, where after a Notice of Intention to Defend was entered. The CWDM currently awaiting the matter to be set down for Pre-trial hearing and thereafter trial. In view of the aforementioned, it is clear that it is not possible at this stage to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(2020: The status of the claim remains the same as reported on in the previous year. Specifically that on 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conrade Trust (the plaintiffs) instituted action against the trustees of the Thera Trust(the defendants) for the damages suffered in the amount of R2 371 525 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conradie Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the CWDMs joint as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the District Municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the District Municipality's insurers and a fire incident report was accordingly provided, where after a Notice of Intention to Defend was entered. The CWDM currently awaiting the matter to be set down for Pre-trial hearing and thereafter Trail. It is clear that it is not possible at this stage to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

38. Contingencies (continued)

(iv) 2021: The status of the claim is that the District Municipality insurance settled with the plaintiff. On 15 February 2019 a Combined Summons was issued by the Magistrates Court for the District of Tulbagh under Case No 18/2019 in terms of which HR de Waal (the plaintiffs) instituted action against the CWDMr damages suffered to the amount of R24 802 as a result of a motor vehicle collision that was driven by an employee of the CWDM on 27 November 2017. The matter was reported to the District Municipality's insurers and they appointed a legal firm to defend the case. The relief the plaintiff are seeking is as follows: (a) that the District Municipality be held liable for the damages to the amount of R24 802, (b) interest on the aforesaid amount at the prescribed interest rate per annum from the date of the demand to the date of payment, (c) costs of suit. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(2020: The status of the claim remains the same as reported on in the previous year. On 15 February 2019 a Combined Summons was issued by the Magistrates Court for the District of Tulbagh under Case No 18/2019 in terms of which HR de Waal (the plaintiffs) instituted action against the CWDMor damages suffered to the amount of R24 802 as a result of a motor vehicle collision that was driven a employee of the CWDM 27 November 2017. The matter was reported to the District Municipality's insurers and they appointed a legal firm to defend the case. The relief the plaintiff are seeking is as follows: (a) that the District Municipality be held liable for the damages to the amount of R24 802, (b) interest on the aforesaid amount at the prescribed interest rate per annum from the date of the demand to the date of payment, (c) costs of suit. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(v) 2021: The status on this claim is that the matter was settled with the plaintiff. On 19 March 2020 a Combined Summons was issued by the Magistrates Court for the District of Robertson under Case No 68/20 in terms of which C Matthee (the plaintiff) instituted action against the CWDM for damages suffered to the amount of R17 855 as a result a motor vehicle collision with a pothole on 19 May 2017. The CWDM have submitted a notice to defend on 17 June 2020.

(2020: On 19 March 2020 a Combined Summons was issued by the Magistrates Court for the District of Robertson under Case No 68/20 in terms of which C Matthee (the plaintiff) instituted action against the CWDM for damages suffered to the amount of R17 855.72 as a result a motor vehicle collision with a pothole on 19 May 2017. The CWDM have submitted a notice to defend on 17 June 2020. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.)

(vi) 2021: On 1 February 2021 a summons was issued by the High Court of South Africa, Western Cape Division, under Case Number 2023/21 in terms of which the plaintiffs instituted action against the CWDM, as the sixth defendant, for damages suffered to the amount of R26 767 475. The plaintiffs claims that a veld of forest fire that happened on or about 5 February 2018 and spread onto the plaintiffs properties from a certain property situated adjacent to the plaintiffs properties. The properties are located within the jurisdication of the CWDM. The plaintiffs claims that the District Municipality owed a general duty of care to the public to prevent the spread of a veldfire and resultant damages by acting reasonably and practically in the cercumstances and furthermore to comply with the standard operating procedures in respect of veldfires occuring on days marked with a "Red" of "High - Extreme" Fire Danger Index rating. The District Municipality entered a Notice of Intention to Defend. The relief the plaintiff are seeking is as follows: (a) that the Defendents be held liable for the damages to the amount of R20 667 475, (b) that the Defendents be held liable for the damages to the amount R6 100 000, (c) interest on the aforesaid amounts at the prescribed rate a tempore morae from date of demand alternatively date of summons until date of payment in full, (d) costs of suit, (e) futher and/or alternative relief. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(vii) 2021: a Combined Summons was issued on 8 December 2020 by the Magistrates Court for the District of Paarl under Case No 2015/2020 in terms of which Hydrotech Design (Pty) Ltd instituted action against an employee of the CWDM as the Third Defendant. On 13 May 2020 a collision occurred between the Plaintiff's vehicle and the Defendants vehicle's. On 28 January 2021 a letter of demand was issued by the Plaintiff's attorneys on the municipality and its employee for damages suffered to the amount R16 341 and legal fees in the sum of R1 500. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(viii) 2021: On 28 January 2021 a letter of demand was issued to the CWDM the insurers of JH van Heerden for damages suffered to the amount of R214 380 in a motor vehicle accident on 8 January 2021. The matter was reported the District Municipality's insurers. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

38. Contingencies (continued)

(ix) 2021: The municipality is still waiting on the outcome of 6 public liability claims, 30 third party accident claims and 1 insurance claims that were handed over to the state attorneys and / or the municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

(2020: The municipality is still waiting on the outcome of 5 public liability claims, 26 third party accident claims and 3 insurance claims that were handed over to the state attorneys and / or the municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.)

38.2 Contingent assets

(i) 2021: The municipality is still awaiting the outcome of one insurance claims that was not concluded at 30 June 2021. The claims are not specific to the 2020/2021 financial year.

(2020: The municipality is still awaiting the outcome of one insurance claims that was not concluded at 30 June 2020. The claims are not specific to the 2019/2020 financial year.)

It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

39. Related parties

The following related parties exist:

Municipal Manager (H.F. Prins)

Chief Financial Officer (F.A. Du Raan-Groenewald)

Executive Director: Community Development and Planning Services (P. Williams)

Executive Director: Technical Services (F.A. van Eck)

Ald (Dr) H. von Schlicht (Executive Mayor)

Cllr C. Meyer (Speaker)

Cllr D. Swart (Deputy Executive Mayor)

Cllr Z.L. Masoka

Cllr G.J. Carinus

Cllr J.D.F. van Zyl

Cllr J.J. du Plessis

Cllr L.W. Niehaus

Cllr A. Florence

Cllr P.C. Ramokhabi

Cllr L. Landu

Cllr W.M. Blom

Cllr A. Crombie

Cllr C. Damens

Figures in Rand	2021	2020

39. Related parties (continued)

Cllr P. Daniel	
Cllr R. du Toit	
Cllr G.J. Fredericks	
Cllr X. Kalipa	
Cllr J.S. Mouton	
Cllr R.S. Nalumango	
Cllr B.B. Ntshingila	
Cllr E. Qhankqiso	
Cllr S.C. Rens	
Cllr L.S. Sambokwe	
Ald J.W. Schuurman	
Cllr A.J. Shibili	
Cllr D.R.A. Snyders	
Cllr C. Steyn	
Cllr N. Tetena	
Cllr J.J. van Rooyen	
Cllr W. Vrolick	
Cllr C.F. Wilskut	
Cllr L.N. Qoba	
Cllr D.D. Joubert	
Cllr J. Smit	
Cllr N.D. Sauerman	
Cllr N. Bushwana	
Cllr J. Kriel	Appointed 18/09/2020
Cllr T.M. Wher	Appointed 27/10/2020
Cllr P. Hess	Resigned 20/08/2020
Cllr E.S.C Matjan	Resigned 13/10/2020

The salaries and remuneration of key management and councillors are disclosed in notes 23 & 24 of the Annual Financial Statements.

40. Change in estimate

Property, plant and equipment & Intangible assets

Redundant store assets

The prior year accounting estimates relating to the estimated useful lives of Furniture and fittings, Office equipment and Plant and equipment were evaluated during the 2020/2021 financial year and the change in the estimates were implemented on 01 July 2020. This led to a change in depreciation for the 2020/2021 from the 2019/2020 financial year. The amount of the depreciation had the change in accounting estimate not been effected, the effect of the change in accounting estimate of depreciation for 2020/2021 financial year as well as the amended depreciation are as follows:

Asset Type Description	Total of depreciation on assets for 2020/21 had no change been effected:	Total new depreciation for 2020/21 after the change was affected:	2020/2021: Difference: Increase in depreciation	Total of depreciation on assets for future years had no change been effected:	Total new depreciation for future years after the change was affected:	Future years: Difference: Decrease in depreciation
Furniture and fittings	3 270	22 842	19 572	19 572	-	(19 572)
Office Equipment	91 496	653 768	562 272	562 272	-	(562 272)
Plant and equipment	6 589	56 478	49 889	49 889	-	(49 889)
	101 355	**733 088**	**631 733**	**631 733**	**-**	**(631 733)**

The effect of the change in estimate led to an decrease in depreciation of Furniture and fittings of R 19 572, decrease in depreciation of Office equipment of R 562 272 and a decrease in depreciation of Plant and equipment of R 49 889 for the future financial years.

41. B-BBEE Performance

Information on compliance with the B- BBEE Act is included in the annual report under the section B- BBEE Compliance Performance Information.

42. Events after the reporting date

Events were identified subsequent to the reporting date but prior to the date when the financial statements were authorised for issue that had an adjusting effect on other receivables from exchange transactions and provisions. The adjustment amounts were included in other receivables from exchange transactions (note 4) and provisions (note 15). The additional amount included in the note to other receivables from exchange transactions relating to the adjusting event amounted to R 9 614. The additional amount included in the note to provisions relating to the adjusting event amounted to R 6 440 .

Figures in Rand	2021	2020

43. Reconciliation between budget and annual financial statements

43.1 Statement of Financial Performance

Service charges (Actual amount as per Statement of Comparison)	-	-
Service charges	194 644	-
Actual amount as per Statement of Financial Performance	**194 644**	**-**

Service charges was remapped from Other revenue to adhere to the requirements of GRAP.

Agency Services (Actual amount as per Statement of Comparison)	106 246 825	-
Roads Capital	213 558	-
Management Fees	9 516 335	-
Management Fees	(10 943 785)	-
Actual amount as per Statement of Financial Performance	**105 032 933**	**-**

The capital financing for Roads services was remapped from Transfers and subsidies to Roads services. Management fees was remapped to Roads services to adhere to the requirements of GRAP.

To align to the accounting treatment for the funding received from Department of Transport and Public Works with regards to the roads maintenance, the prior year naming convention for this funding source was changed from agency services to roads services. Both the prior year and current year naming convention is therefore consistent. This allows the users of the financial statements to have a clear understanding of the substance to this funding source.

Licenses and permits (Actual amount as per Statement of Comparison)	669 682	-
Licenses and permits	(669 682)	-
Actual amount as per Statement of Financial Performance	**-**	**-**

Licences and permits were remapped to Other income to adhere to the requirements of GRAP.

Transfers and subsidies (Actual amount as per Statement of Comparison)	245 866 696	-
Public Sector SETA	(252 412)	-
Roads Capital	(17 240)	-
Actual amount as per Statement of Financial Performance	**245 597 044**	**-**

LG SETA refunds was remapped from Transfers and subsidies to Other income to adhere to the requirements of GRAP. The capital financing for Roads was remapped to Roads services to adhere to the requirements of GRAP.

Other revenue (Actual amount as per Statement of Comparison)	10 005 003	-
Management fees	(9 516 335)	-
Service charges	(194 644)	-
Public Sector SETA	252 412	-
Licenses and permits	669 682	-
Actual amount as per Statement of Financial Performance	**1 216 118**	**-**

Other income was remapped to adhere to the requirements of GRAP.

Public contributions and donations (Actual amount as per Statement of Comparison)	-	-
Transfer to Public contributions and donations	17 240	-
Actual amount as per Statement of Financial Performance	**17 240**	**-**

Pubic contibutions and donations was remapped from Transfers and subsidies to adhere to the requirements of GRAP.

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30 November 2021 L.M

Notes to the Financial Statements

Figures in Rand	2021	2020

43. Reconciliation between budget and annual financial statements (continued)

Employee related costs (Actual amount as per Statement of Comparison)	222 724 411	-
Workmen's compensation fund	976 739	-
Actual amount as per Statement of Financial Performance	**223 701 150**	**-**

Workmen's compensation fund was remapped from Other expenditure to Employee related cost to adhere to requirements of GRAP.

Lease rentals on operating lease (Actual amount as per Statement of Comparison)	-	-
Lease rentals on operating lease	338 536	-
Actual amount as per Statement of Financial Performance	**338 536**	**-**

Lease rentals on operating lease was remapped from Other expenditure to adhere to the requirements of GRAP.

Other materials (Actual amount as per Statement of Comparison)	28 214 566	-
Other expenditure	(28 214 566)	-
Actual amount as per Statement of Financial Performance	**-**	**-**

Other materials were remapped to General expenses to adhere to the requirements of GRAP.

Other expenditure (Actual amount as per Statement of Comparison)	57 679 184	-
Workmen's compensation fund	(976 739)	-
Lease rentals on operating leases	(338 536)	-
Other Materials	28 214 566	-
Management fees	(10 943 785)	-
Actual amount as per Statement of Financial Performance	**73 634 690**	**-**

Workmen's compensation fund was remapped from Other expenditure to Employee related cost to adhere to the requirements of GRAP. Lease rentals on operating lease was remapped from other expenditure to adhere to the requirements of GRAP. Other Materials was remapped to General expenditure to adhere to the requirements of GRAP. Management fees was remapped from other expenditure to Roads services.

Loss on disposal of PPE (Actual amount as per Statement of Comparison)	258 069	-
Inventory losses	(91 017)	-
Actual amount as per Statement of Financial Performance	**167 052**	**-**

Inventories losses was remapped from Loss on disposal of PPE to adhere to the requirements of GRAP.

Inventory losses (Actual amount as per Statement of Comparison)	-	-
Inventory losses	91 017	-
Actual amount as per Statement of Financial Performance	**91 017**	**-**

Inventories losses was remapped from Loss on disposal of PPE to adhere to the requirements of GRAP.

Transfer and subsidies: Capital (Actual amount as per Statement of Comparison)	213 558	-
Roads Capital	(213 558)	-
Actual amount as per Statement of Financial Performance	**-**	**-**

The capital financing for Roads was remapped from Transfers and subsidies to Roads services.

43. Reconciliation between budget and annual financial statements (continued)

43.2 Statement of financial position

Cash and cash equivalents (Actual amount as per Statement of Comparison)	-	-
Cash on hand	20 153 639	-
Call Investments	746 000 000	-
Amount as per Statement of Financial Position	**766 153 639**	**-**

Cash on hand and Call Investment deposits were remapped to adhere to the requirements of GRAP.

Payables from exchange transactions (Actual amount as per Statement of Comparison)	12 756 939	-
Unspent conditional grants	(5 335 321)	-
Amount as per Statement of Financial Position	**7 421 618**	**-**

Unspent conditional grants was remapped to adhere to the requirements of GRAP.

Accumulated surplus (Actual amount as per Statement of Comparison)	686 791 611	-
Reserves	68 398 749	-
Amount as per Statement of Financial Position	**755 190 360**	**-**

Reserves were remapped to Accumulated surplus to adhere to the requirements of GRAP.

43.3 Cashflow statement

Employee costs (Actual amount as per Statement of Comparison)	-	-
Employee cost	207 635 422	-
Amount as per Cash flow statement	**207 635 422**	**-**

Employee cost was remapped from Suppliers and employees to adhere to the requirements of GRAP.

Remuneration to councillors (Actual amount as per Statement of Comparison)	-	-
Remuneration to councillors	12 657 183	-
Amount as per Cash flow statement	**12 657 183**	**-**

Remuneration of councillors was remapped from Suppliers and employees to adhere to the requirements of GRAP.

Transfers and grants (Actual amount as per Statement of Comparison)	(12 173 420)	-
Transfers and grants	12 173 420	-
Amount as per Cash flow statement	**-**	**-**

Transfers and grants was remapped to Suppliers to adhere to the requirements of GRAP.

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44. Actual operating expenditure versus budgeted operating expenditure

According to the Accounting Policy, explanations should be provided in cases where the difference between the Adjustments Budget and the Actual Expenditure exceeds 10%.

44.1 Statement of Financial Position

Assets

Current Assets

Cash

Variance as a result of the budget schedules mapping the call account as part of investments.

Call investment deposits

Variance is less than 10%, no reason required.

Inventories

Variance is less than 10%, no reason required.

Consumer debtors

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at the end of financial year.

Non-Current Assets

Property, plant and equipment

Variance is less than 10%, no reason required.

Intangible assets

During the budget process certain assets were classified as Property, plant and equipment. During the preparation of the annual financial statements it was confirmed based on the nature of the assets it need to be reclassified as Intangible assets.

Other non- current assets

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at the end of the financial year.

Liabilities

Current Liabilities

Trade and other payables

The outcome of the roll-over request for grant funding only materialised in the latter part of the financial year and therefore it was impossible to complete all the work by 30 June 2021. The key transversal SCM findings in respect of the Composition of Bid Adjudication Committees [SCM Regulation 29(2)] impacted the municipality's ability to proceed in the awarding of tenders. Furthermore, the variance is due to the expectation that the Department of Transport and Public Works transfers huge amount of funds in April as an advance for claims submitted.

44. Actual operating expenditure versus budgeted operating expenditure (continued)

Provisions

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end. Furthermore, the variance relates to insurance claims that were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. No budget appropriation has been made during the relevant budget processes.

Consumer Deposits

The amount budgeted for is an opening balance and is mapped to Consumer Deposits in accordance with mSCOA.

Non-Current Liabilities

Provisions

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

Net Assets

Accumulated surplus

Variance is less than 10%, no reason required.

Reserves

Variance is less than 10%, no reason required.

44.2 Statement of Financial Performance

Rental of facilities and equipment

Variance is less than 10%, no reason required.

Licences and permits

Variance is less than 10%, no reason required.

Agency Services

Variance does not exceed 10%, no reason required.

Other Revenue

Variance does not exceed 10%, no reason required.

Interest received - investment

Variance is less than 10%, no reason required.

Transfer and subsidies

Variance is less than 10%, no reason required.

Expenditure

Employee related costs

Variance is less than 10%, no reason required.

44. Actual operating expenditure versus budgeted operating expenditure (continued)

Remuneration of councillors

Variance is less than 10%, no reason required.

Depreciation and amortisation

Variance is less than 10%, no reason required.

Debt impairment

The budget schedules do not make provision to budget separately for Debt Impairment and Bad debt written off. No debt was written off during the 2020/2021 financial year.

Contracted services

The key transversal SCM findings in respect of the Composition of Bid Adjudication Committees [SCM Regulation 29(2)], impacted the municipality's ability to proceed in the awarding of tenders.

Transfers and subsidies

The fencing subsidies could not be paid out during the 2020/2021 as the list of beneficiaries was not approved by council.

Other expenditure

Variance does not exceed 10%, no reason required.

Transfers and subsidies - capital

A large portion of the unspent amount relates to a roll over grant that was only approved in the latter part of the year. The grant is committed to partially fund a fire fighting vehicle. The key transversal SCM findings in respect of the Composition of Bid Adjudication Committees [SCM Regulation 29(2)] impacted the municipality's ability to proceed in the awarding of tenders.

44.3 Cash Flow Statement

Other Revenue

The variance relates to the Roads claim for May and June 2021 only received in the new financial year.

Grants - operating

Variance is less than 10%, no reason required.

Grants - capital

The amount relates to a roll over grant that was approved during the 2020/2021 financial year and was incorrectly included in the cash flow statement during the budget process.

Interest income

The expected interest rate was higher than anticipated during the budget process.

Suppliers and employees

Refer to reason provided above for the Statement of financial performance.

Transfer and grants

Variance is less than 10%, no reason required.

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44. Actual operating expenditure versus budgeted operating expenditure (continued)

Capital assets

Although certain tenders were evaluated and in process of being awarded, a key transversal audit finding in respect of the composition of the Bid Adjudication Committee has led to a contentious unresolved matter impacting on the Municipality's ability to award bids. Unexpected delays as a result of non-responsive bids received and operational changes further contributed to the underachievement. Savings as a result of VAT input claimed on acquisitions also contributed to the variance. It is important to note that due to the size of the capital budget, any high value capital expenditure would have a significant impact on the overall percentage. Items that could not realise were carried forward to the next financial year and the necessary appropriation has been made on the 2021/2022 to 2023/2024 MTREF. Enhanced market research and needs analysis will be applied to ensure more accurate budget estimations.

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2 265 329	2 137 103
Amount paid - current year	(2 152 063)	(2 033 102)
Discount received 5% (2020: 5%)	(113 266)	(104 001)
	-	-

Audit fees

Current year audit fee: Auditor General of South Africa	2 308 865	3 093 930
Current year audit fee: Audit Committee	84 891	109 710
Amount paid	(2 404 120)	(3 204 088)
	(10 364)	**(448)**

PAYE, UIF and SDL

Current year subscription / fee	(38 229 918)	(36 447 075)
Amount paid - current year	38 229 918	36 447 075
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	(66 077 451)	(63 642 734)
Amount paid - current year	66 077 451	63 642 734
	-	-

VAT

VAT receivable	1 715 323	1 441 403

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

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

Councillors' arrear accounts

During the financial year under review no Councillor was in arrears with the settlement of rates or services.

However, Councillor arrear accounts are in respect of the over payment of remuneration due to the upward change in the grading of Witzenberg, Drakenstein and Langeberg Municipality, the termination/resignation of councillors of Stellenbosch Municipality and positions held on a council committee of Langeberg Municipality.

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. Z.L. Gwada	-	2 463	2 463
Cllr. S. Ross	-	4 387	4 387
Cllr. S.W. Nyamana	-	769	769
Cllr. P. Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr. C. Mcako (resigned 29/06/2016)	-	1 138	1 138
Cllr. N.S. Louw (resigned 25/07/2018)	-	3 306	3 306
	-	**22 378**	**22 378**

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from potilitical office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration.

(i) In respect of the upward grading or changes in positions held on council committees (section 79 committees) of the local municipalities within the district:

In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading or changes in positions held on council committees of its local municipalities, except for the above mentioned councillors, where payment arrangements have been made or legal action instituted. The balance outstanding owed by Cllr Hess as at 30 June 2020 was recovered during the 2020/2021 financial year.

Cllrs Heradien, Ross, Gwada (deceased) and Nyamana have been handed over for legal action to be instituted and this is currently in process. The Municipality's debt collector intends to institute a claim against the estate of the late Cllr Gwada.

(ii) In respect of resignations / terminations:

The Municipality's debt collector intends to institute a claim against the estate of the late Cllr Mcako. Cllr Louw has been handed over for legal action and a payment arrangement was concluded.

30 June 2020	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. Z.L. Gwada	-	2 463	2 463
Cllr. S. Ross	-	4 387	4 387
Cllr. S.W. Nyamana	-	769	769
Cllr. P. Hess	-	43 047	43 047
Cllr. P. Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr. C. Mcako (resigned 29/06/2016)	-	1 138	1 138
Cllr. N.S. Louw (resigned 25/07/2018)	-	3 306	3 306
	-	**65 425**	**65 425**

Figures in Rand	2021	2020

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

In respect of upward grading of the local municipalities within the district:
The municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Brearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the municipality recovered all overpayments as a result of the upward grading or positions held on council committees of its local municipalities, except for the above mentioned councillors, where payment arrangements have been made.

Cllrs Heradien, Ross, Gwada (deceased) and Nyamana have been handed over for legal action to be instituted and this is currently in progress. However, the nationwide lockdown delayed the commencement of any legal processes. In addition to the current payment arrangement made with Cllr Hess to recover the outstanding balance from each claim or allowance as it becomes due to the councillor, a further payment arrangement has subsequently been concluded.

I**n respect of resignations / terminations:**
The nationwide lockdown delayed the legal action process against both Cllrs Mcako and Louw.

Particulars of non-compliance

2019/2020

Regulation 31 (1) (c) of the Municipal Budget and Reporting Regulations, 2009 stipulates that the mayor's quarterly report on the implementation of the budget and financial state of affairs of the municipality as requried by section 52 (d) of the Act must be submitted to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report to council. The Section 52 report was however submitted by the municipality within five working days, but Provincial Treasury argued that the five days refers to five calendar days. All subsequent Section 52 reports were however submitted within five calendar days after tabling of the report to council.

Disclosures by municipality on intergovernmental and other allocations

Allocations made to municipalities

Section 123 of the MFMA determines that the municipality must disclose information on any allocations made by the municipality to another municipality. The following allocations were made to local municipalities within the CWDM for projects as identified by the respective local municipality in terms of service level agreements:

Breede Valley Municipality	1 020 000	2 600 000
Drakenstein Municipality	660 000	2 894 801
Langeberg Municipality	740 000	1 431 200
Stellenbosch Municipality	540 000	2 502 667
Witzenberg Municipality	740 000	3 051 973
	3 700 000	**12 480 641**

46. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of ten major functional areas. These segments makes up two of the three strategic objectives of the municipality.

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.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Community development and planning services	Creating an environment and forging partnerships that ensure social and economic development of all communities, including the empowerment of the poor in the Cape Winelands District
Technical services	Promoting sustainable infrastructure services and a transport system that fosters social and economic opportunities

Segment surplus or deficit

2021

	Community development and planning services	Technical services	Non-reportable	Total
Revenue				
Revenue from exchange transactions				
Service charges	194 644	-	-	194 644
Rental of facilites and equipment	-	-	238 615	238 615
Roads services	-	95 516 597	9 516 336	105 032 933
Other income	669 682	10 985	535 451	1 216 118
Interest received- investment	-	-	38 231 810	38 231 810
Revenue from non- exchange transactions				
Transfer revenue				
Government grants & subsidies	2 143 310	3 440 279	240 013 455	245 597 044
Public contribution and donations	-	17 240	-	17 240
Total segment revenue	**3 007 636**	**98 985 101**	**288 535 667**	**390 528 404**
Total revenue				**390 528 404**

46. Segment information (continued)

Expenditure				
Employee related cost	88 819 292	57 082 689	77 799 169	223 701 150
Remuneration of councillors	-	-	12 657 183	12 657 183
Depreciation and amortisation	4 225 256	519 055	4 494 007	9 238 318
Lease rentals on operating lease	-	-	338 536	338 536
Debt impairment	-	-	32 597	32 597
Bad debt written off	-	-	-	-
Contracted services	15 872 562	7 303 193	8 611 390	31 787 145
Transfers and subsidies	9 430 774	1 242 646	1 500 000	12 173 420
Loss on disposal of assets	16 202	16 069	134 781	167 052
Inventories losses/ write downs	-	-	91 017	91 017
General expenses	7 100 773	37 285 835	29 248 082	73 634 690
Total segment expenditure	**125 464 859**	**103 449 487**	**134 906 762**	**363 821 108**
Surplus				**26 707 296**

Measurement of segment surplus or deficit

Basis of accounting for transactions between reportable segments

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

Information about geographical areas

Although the municipality operates in a number of geographical areas, it is irrelevant for users of the financial statements as the municipality's geographical areas of operation can be seen as a single geographical area when deciding how to allocate resources.

47. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005

47.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).

2021	**Total Value (incl. VAT)**	**Emergency**	**Sole Supplier/ Agent**	**Impractical**
July	2 614 423	-	-	16
August	335 533	-	-	3
September	327 936	-	-	2
October	250 207	-	1	5
November	91 054	-	1	1
December	53 249	-	-	3
January	162 047	-	-	7
February	27 036	-	2	6
March	52 575	-	-	4
April	2 348	-	1	-
May	1 835 793	-	-	12
June	4 318 499	-	-	5
	10 070 700	**-**	**5**	**64**

2020	**Total Value (incl. VAT)**	**Emergency**	**Sole Supplier/ Agent**	**Impractical**
July	191 339	-	2	7
August	2 793 915	-	3	9
September	140 425	-	6	6
October	219 879	-	3	9
November	188 966	-	1	11
December	105 509	-	-	7
January	206 393	-	3	4
February	1 746 399	2	4	7
March	2 499 328	12	-	9
April	1 080 016	7	-	3
May	442 888	6	-	4
June	560 463	1	-	9
	10 175 520	**28**	**22**	**85**

Figures in Rand	2021	2020

47.2 Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. (Amounts disclosed include VAT)

Supplier	Relationship	Name of Family Member	Name of Institution	Capacity	2021	2020
AE Human Trading (Pty) Ltd	Child	L Burger	Cape Winelands District Municipality	Enviromental Health Practitioner	-	63.400.00
	Husband	D Human	BVM	Storeman		
M & N Bakwerkwe Close Corporation	Brother/Sister	E Niemand	Cape Winelands District Municipality	Senior Administrator: Quotations & Tenders	50.336.90	43.872.46
Bergstan South Africa	Spouse	J Beukes	Social Development	Social Worker	33.250.01	-
JPCE (Pty) Ltd	Spouse	JA Minnie	City of Cape Town	Safety and Security Directorate	623.944.00	-
America Busdiens	Child	V Africa	Cape Winelands District Municipality	Workshop Assistant-Robertson	-	15.900.00
NCC Environmental Services Proprietary Limited	Spouse	C Rhoda	City of Cape Town	Manager	598.916.55	795.915.01
Masiqhame Trading 77 Close Corporation	Child	B Qxilishe	Department of Agriculture	Snr Admin officer: Dept of Agriculture, Forestry & Fisheries	62.401.95	117.647.05
	Child	S Qxilishe	Western Cape Education Department	Teacher at Du Noon		
TSCH International Holdings (Pty) Ltd	Spouse	RE Hlongwane	City of Cape Town	Manager	33.300.00	-
LJ Projects and Events	Spouse	L Jafta	Department of Water and Sanitation	IT Clerk	200.000.00	-
J Walters t/a J C Travel	Spouse	C Walters	Department of Education	Secretary at School	-	10.500.00

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Piston Power Chemicals Close Corporation	Spouse	N Andhee	Department of Education	Teacher	26.519.81	250.572.32
Robertson Shell Trust	Spouse	D B Augustyn	Department of Education	Teacher at Dagbreek Primary	-	54.637.86
Temmo's Shade Ports and Cleaning Services	Sister	T Lebesana	Transnet Port Terminals	Security	17.600.00	-
Sms ICT Choice Proprietary Limited	Spouse	N Maqula	Department of Human Settlements	Director	-	167.525.10
Ajee Consultancy Close Corporation	Spouse	J Williams	SAPS	Captain	-	10.000.00
Jah Guide Agriculture Proprietary Limited	Spouse	G Davids	SAPS	Sergeant	1.214.897.93	649.103.56
Nareng Trading (Pty) Ltd	Spouse	M Lebaea	Department of Correctional Services	Security	-	16.065.00
Cook Funerals (Pty) Ltd	Child	C Cook	City of Cape Town	Director	-	14.250.00
Ladybugs Innovative Marketing (Pty) Ltd	Spouse	RA Levendal	Department of Correctional Services	Environmental Health Practitioner	41.318.35	106.500.35
Zutari (Pty) Ltd, previously Aurecon	Spouse	Ahischlager, HC	Special investigating Unit	Legal Representative		
	Parent	Barry, CJ	City of cape Town	Head: Finance		
	Parent	KA Bleazard	Western Cape Government Transport & Public Works	Chief Architect		
	Parent	Botha, T	Oudtshoorn Municipality	Technical Manager		
	Spouse	Erasmus, WZ	Cape Nature	Program Manager		
	Parent	Esterhuysen, HG	West coast District Municipality	Senior Manager - Roads		
	Son	Geldenhuys, N	Transnet Port Terminals	Mechatronic Engineer		
	Sister	Goga, Y Dr	Nkosi Albert Luthuli Hospital	Senior Specialist - Paediatric Haematology		
	Daughter	Govender, T	Umgeni Water/Asset Management	Fleet Maintenance Administrator		
	Parent	Grobbelaar, SM	Northern Cape Department of cooperative Governance	Town and Regional Planner		

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	Brother	Herholdt, E	Limpopo Department of Economic Development Environment & Tourism	Manager	280.954.52	702.386.30
	Parent	Heyns, A	Stellenbosch Municipality	Assistant Superintendent		
	Spouse	Higgs, JH	SARS	Regional Manager		
	Spouse	Hougaard, A	Department of Correctional Services	Principle Network controller		
	Spouse	Jacobs, J	Eastern Cape Department of Education	Personal Assistant to Chief Director		
	Parent	Kleynhans, B	Hessequa Municipality	Accountant		
	Parent	Kriegler, BJ Cr	CWDM & Breede Valley Municipality	Councillor		
	Spouse	Marques, M	Department of Home Affairs	Deputy Director		
	Uncle	Mayekiso, D	Department of Local Government and Traditional Affairs	Official		
	Employee	Mayekiso, M	Buffalo City Metropolitan Municipality	Aurecon employee (resigned 31 December 2014)		
	Parent	Mehlala, RT	Eastern Cape Arts and Culture Council	Chief Executive Officer		
	Parent	Moore, AJ	Department of Water Affairs	Chief Engineer		
	Spouse	Nadasen K	National Department of Public Works	Director: Key Account Management		
	Spouse	Ntsebeza, D	Buffalo City Metropolitan Municipality	Official		
	Cousin	Ntsebeza, M	Intsika Yethu Municipality	Official		
	Parent	Ntsebeza, NH	Eastern Cape Department of Health	Official		
	Spouse	O’Connell, SM	Sol Plaatje Municipality	Librarian		

Figures in Rand						2021	2020
	Spouse	PW Pansegrouw	Drakentein Municipality	Senior Manager - Technical Services and Project Management			
	Parent	Pretorius, PS	Sol Plaatje Municipality	Chief Officer - Community Services			
	Spouse	R Reddy-Maduray	Development Bank SA	Project Preparation Specialist			
	Spouse	Riekert, JH	SA Reserve Bank	Engineering			
	Parent	Robertson, JM	Ekurhuleni Metropolitan Municipality	Roads Engineer			
	Sister	Seegers, S	City of Cape Town	Head of Security Architecture			
	Wife	Skead, M Dr	Nelson Mandela Bay Metropolitan University	Senior Manager – Staff Development			
	Parent	Tebane, R	Ekurhuleni Metropolitan Municipality	Executive Manager			
	Spouse	Theron, J	Nelson Mandela Metropolitan University Business School	Head: Graduate School Relations			
	Spouse	Tredoux, J	Department of Water Affairs	Deputy Director - Accounts Payable			
	Father-in-Law	Van Rensburg, M	Eskom	Executive at Transmission Department			
	Father	Van Taak, AN	Stellenbosch Municipality	Director - Water and Sewerage			
	Spouse	Venter, ZC	Eastern Cape Department of Health	Deputy Director - Employment Relations			
	Parent	Vermeulen, PC	City of Cape Town	Superintendent- Building Maintenance			

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	Parent	Wilkins, J	Correctional Services	Vice Director - Provincial		
	Spouse	Wolmarans, NS	IDC	Senior Accounts Manager		
Gibb Proprietary Limited	Brother	David Moffett	Department of Rural Development and Land Reform	Director: Spatial Planning & Land Use Management		
	Spouse	Alan Moon	City of Cape Town	Head: Business Continuity		
	Brother-in-law	John Watson	National Treasury - Office of Accountant General	Director - Accounting Support and Reporting		
	Spouse	Sonnika Cilliers	Department of Education	Teacher		
	Aunt	Fawzia Peer	Ethekwini Municipality	Deputy Mayor, Chair of Finance and Procurement		
	Spouse	Nokuthula Mkhize	National Department of Water Affairs and Forestry	Accounting Clerk		
	Mother	Irma Brink	Department of Education — Free State	Teacher		
	Spouse	Nkosinathi Mzayiya	Department of Correctional Services	Correctional Officer		
	Spouse	Jacqueline Gooch	Department of Transport and Public Works	Head of Department		
	Spouse	Unathi Lekonyana	Department of National Treasury	Deputy Director - Grant Monitoring and Analysis		
	Parent	Douglas Kiewiet	Department of Water Affairs and Forestry	Area Manager (North)		
	Spouse	Rajiv Beharie	Eskom	Senior Engineer		

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	Brother	Funanani Freeman Phidza	Economic Development	Director ICT		
	Brother	Rendani Phidza	Sports and Recreation	Senior Control Officer		
	Sister	Nokuzola Mandla	Eastern Cape Department of Human Settlements	Control Works Inspector		
	Spouse	Conrad Hering	Department of Transport and Public Works	Electrical Engineer		
	Sister-in-law	Dolerencia Davids	City of Cape Town	Admin Officer		
	Brother-in-law	Hilton Davids	City of Cape Town	Admin Officer		
	Mother	Sandra Singh	Department of Education	Human Resource Officer		
	Brother	Ian Bowker	Department of Asset Management and Maintenance in Transport	Head of Department	-	1.114.350.00
	Spouse	Dianne Alderman	Eastern Cape Department of Education	Teacher		
	Aunt	F Strampe	SAPS	Chief Accounting Clerk		
	Spouse	Thando Gqobo	Ethekwini Municipality	Civil Engineering Technician		
	Husband	Donovan O'Reilly	SAPS	Warrant Officer		
	Spouse	Siyamthanda Jafta	Eastern Cape Department of Transport	Assistant Manager - Asset Management		

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	Spouse	Vuyokazi Sicwebu	Ndlambe Municipality	PMU Manager		
	Spouse	Liezel Sophia Cloete	Department of Higher Education and Training	Lecturer		
	Cousin	Phumlani Ngcamu	Ethekwini Municipality	Senior Civil Technician		
	Spouse	Londani Mkhumbuzi	KwaDukuza Municipality	Senior Rates Clerk		
	Sister	Yvette Joubert	Western Cape Education Department	Teacher		
	Brother	Heinrich Rudiger Jaskolka	Department of Justice	Magistrate		
	Sister	Gerda Yvette Magnus	Department of Higher Education and Training	Acting Deputy Director General		
	Sister	Thendo Phidza	Eskom Rotek Industries	Junior Service Engineer		
	Brother-in-law	Herbert Humbulani Netshikweta	Depart of Minerals Resource	Senior Inspector		
	Sister-in-law	Teboho Victoria Kabi	Eskom Generation	Senior Technician		
	Spouse	K Naidoo	Gauteng Department of Education	Head of Department Mathematics		
	Brother	M B Haq	City Engineers	Architect/Town Planner		
					3.183.440.02	**4.132.625.01**

ANNEXURE A

DC2 Cape Winelands DM - Reconciliation of Table A1 Budget Summary

Description	2020/21								2019/20			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments 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
Financial Performance												
Property rates	–	–	–	–		–	-	-				–
Service charges	–	–	–	–		–	-	-				–
Investment revenue	56 000	(21 000)	35 000	38 232		3 232	109,2%	68,3%				–
Transfers recognised - operational	248 405	1 856	250 261	245 614		(4 647)	98,1%	98,9%				–
Other own revenue	129 770	(266)	129 504	106 682		(22 821)	82,4%	82,2%				–
Total Revenue (excluding capital transfers and contributions)	**434 175**	**(19 410)**	**414 765**	**390 528**		**(24 236)**	**94,2%**	**89,9%**				**–**
Employee costs	233 421	(2 521)	230 901	223 701	–	(7 199)	96,9%	95,8%	–	–	–	–
Remuneration of councillors	13 941	(960)	12 981	12 657	–	(324)	97,5%	90,8%	–	–	–	–
Debt impairment	750	(217)	533	33	–	(500)	6,1%	4,3%	–	–	–	–
Depreciation & asset impairment	11 955	(2 366)	9 589	9 238	–	(351)	96,3%	77,3%	–	–	–	–
Finance charges	–	–	–	–	–	–	-	-	–	–	–	–
Materials and bulk purchases	25 018	5 490	30 508	28 215	–	(2 294)	92,5%	112,8%	–	–	–	–
Transfers and grants	13 096	1 906	15 002	12 173	–	(2 828)	81,1%	93,0%	–	–	–	–
Other expenditure	139 440	(22 862)	116 578	77 804	–	(38 774)	66,7%	55,8%	–	–	–	–
Total Expenditure	**437 622**	**(21 530)**	**416 091**	**363 821**	**–**	**(52 270)**	**87,4%**	**83,1%**	**–**	**–**	**–**	**–**
Surplus/(Deficit)	**(3 447)**	**2 120**	**(1 327)**	**26 707**		**28 034**	**-2013,4%**	**-774,8%**				**–**
Transfers recognised - capital	1 733	(407)	1 327	–		(1 327)	-	-				–
Contributions recognised - capital & contributed assets	–	–	–	–		–	-	-				–
Surplus/(Deficit) after capital transfers & contributions	**(1 714)**	**1 714**	**–**	**26 707**		**26 707**	**#DIV/0!**	**-1558,3%**				**–**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	**(1 714)**	**1 714**	**–**	**26 707**		**26 707**	**#DIV/0!**	**-1558,3%**				**–**
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	1 733	(407)	1 327	214		(1 113)	16,1%	12,3%				–
Public contributions & donations	–	–	–	–		–	-	-				–
Borrowing	–	–	–	–		–	-	-				–
Internally generated funds	28 158	(20 911)	7 247	5 309		(1 938)	73,3%	18,9%				–
Total sources of capital funds	**29 891**	**(21 318)**	**8 573**	**5 523**		**(3 050)**	**64,4%**	**18,5%**				**–**
Cash flows												
Net cash from (used) operating	28 953	(2 272)	26 680	54 683		28 003	205,0%	188,9%				–
Net cash from (used) investing	(29 891)	21 318	(8 573)	(5 523)		3 050	64,4%	18,5%				–
Net cash from (used) financing	–	–	–	–		–	-	-				–
Cash/cash equivalents at the year end	**655 352**	**79 748**	**735 100**	**766 154**		**31 054**	**104,2%**	**116,9%**				**–**

DC2 Cape Winelands DM - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2020/21								2019/20			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	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
Revenue - Standard												
Governance and administration	**307 381**	**(20 998)**	**286 382**	**288 284**		**1 902**	**100,7%**	**93,8%**				**–**
Executive and council	69 611	(21 490)	48 121	50 469		2 348	104,9%	72,5%				
Budget and treasury office	237 080	404	237 484	237 434		(49)	100,0%	100,1%				
Corporate services	690	88	778	381		(397)	49,0%	55,2%				
Community and public safety	**2 625**	**1 801**	**4 426**	**3 008**		**(1 418)**	**68,0%**	**114,6%**				**–**
Community and social services	2 175	432	2 607	2 143		(464)	82,2%	98,5%				
Sport and recreation	–	–	–	–		–	-	-				
Public safety	200	966	1 166	195		(971)	16,7%	97,3%				
Housing	–	–	–	–		–	-	-				
Health	250	403	653	670		17	102,6%	267,9%				
Economic and environmental services	**125 852**	**(569)**	**125 283**	**110 180**		**(15 103)**	**87,9%**	**87,5%**				**–**
Planning and development	5 564	126	5 690	2 756		(2 934)	48,4%	49,5%				
Road transport	120 288	(695)	119 593	107 424		(12 168)	89,8%	89,3%				
Environmental protection	–	–	–	–		–	-	-				
Trading services	**–**	**–**		**–**		**–**	**-**	**-**				**–**
Electricity	–	–	–	–		–	-	-				
Water	–	–	–	–		–	-	-				
Waste water management	–	–	–	–		–	-	-				
Waste management	–	–	–	–		–	-	-				
Other	**50**	**(50)**	**–**	**–**		**–**	**-**	**-**				
Total Revenue - Standard	**435 908**	**(19 817)**	**416 091**	**401 472**		**(14 619)**	**96,5%**	**92,1%**				**–**
Expenditure - Standard												
Governance and administration	**144 375**	**(17 690)**	**126 686**	**128 874**	**2 188**	**2 188**	**101,7%**	**89,3%**	**–**	**–**	**–**	**–**
Executive and council	45 751	(7 527)	38 224	48 399	10 175	10 175	126,6%	105,8%			–	
Budget and treasury office	25 953	963	26 916	24 141	(2 775)	(2 775)	89,7%	93,0%			–	
Corporate services	72 671	(11 126)	61 546	56 334	(5 211)	(5 211)	91,5%	77,5%			–	
Community and public safety	**122 343**	**3 074**	**125 417**	**109 639**	**(15 778)**	**(15 778)**	**87,4%**	**89,6%**	**–**	**–**	**–**	**–**
Community and social services	19 680	(1 605)	18 075	15 902	(2 173)	(2 173)	88,0%	80,8%			–	
Sport and recreation	–	–	–	–	–	–	-	-			–	
Public safety	60 457	6 083	66 540	57 315	(9 225)	(9 225)	86,1%	94,8%			–	
Housing	–	–	–	–	–	–	-	-			–	
Health	42 206	(1 404)	40 802	36 423	(4 379)	(4 379)	89,3%	86,3%			–	
Economic and environmental services	**161 596**	**(5 434)**	**156 162**	**130 906**	**(25 256)**	**(25 256)**	**83,8%**	**81,0%**	**–**	**–**	**–**	**–**
Planning and development	33 013	(1 345)	31 668	25 428	(6 240)	(6 240)	80,3%	77,0%			–	
Road transport	128 583	(4 089)	124 495	105 478	(19 017)	(19 017)	84,7%	82,0%			–	
Environmental protection	–	–	–	–	–	–	-	-			–	
Trading services	**–**	**–**	**–**	**–**	**–**	**–**	**-**	**-**	**–**	**–**	**–**	**–**
Electricity	–	–	–	–	–	–	-	-			–	
Water	–	–	–	–	–	–	-	-			–	
Waste water management	–	–	–	–	–	–	-	-			–	
Waste management	–	–	–	–	–	–	-	-			–	
Other	**9 308**	**(1 481)**	**7 826**	**5 345**	**(2 481)**	**(2 481)**	**68,3%**	**57,4%**			**–**	
Total Expenditure - Standard	**437 622**	**(21 530)**	**416 091**	**374 765**	**(41 326)**	**(41 326)**	**90,1%**	**85,6%**	**–**	**–**	**–**	**–**
Surplus/(Deficit) for the year	**(1 714)**	**1 714**	**–**	**26 707**	**26 707**	**26 707**	**#DIV/0!**	**-1558,3%**	**–**	**–**	**–**	**–**

DC2 Cape Winelands DM - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	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
Revenue by Vote												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	50	(50)	–	–		–	-	-				
Vote 2 - COMM AND DEV	2 550	1 698	4 248	2 999		(1 249)	70,6%	117,6%				
Vote 3 - ENGINERING	6 464	1 001	7 466	3 709		(3 757)	49,7%	57,4%				
Vote 4 - RURAL AND SOCIAL	75	103	178	9		(169)	4,9%	11,7%				
Vote 5 - OFFICE OF THE MM	–	–	–	–		–	-	-				
Vote 6 - FINANCIAL SERVICES	237 080	404	237 484	237 434		(49)	100,0%	100,1%				
Vote 7 - CORPORATE SERVICES	70 301	(21 402)	48 898	50 850		1 951	104,0%	72,3%				
Vote 8 - ROADS AGENCY	119 388	(1 571)	117 817	106 471		(11 346)	90,4%	89,2%				
Vote 9 - TASK	–		–	–		–	-	-				
Vote 10 - HEALTH AGENCY	–		–	–		–	-	-				
Vote 11 - CORPORATE SERVICES	–		–	–		–	-	-				
Example 12 - Vote12	–		–	–		–	-	-				
Example 13 - Vote13	–		–	–		–	-	-				
Example 14 - Vote14	–		–	–		–	-	-				
Example 15 - Vote15	–		–	–		–	-	-				
Total Revenue by Vote	**435 908**	**(19 817)**	**416 091**	**401 472**		**(14 619)**	**96,5%**	**92,1%**				**–**
Expenditure by Vote ***to be appropriated***												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	21 870	(2 803)	19 068	15 826		(3 242)	83,0%	72,4%			–	
Vote 2 - COMM AND DEV	110 016	5 968	115 984	101 220		(14 764)	87,3%	92,0%			–	
Vote 3 - ENGINERING	47 744	(7 064)	40 680	32 002		(8 677)	78,7%	67,0%			–	
Vote 4 - RURAL AND SOCIAL	12 327	(2 894)	9 433	8 420		(1 013)	89,3%	68,3%			–	
Vote 5 - OFFICE OF THE MM	15 474	(1 240)	14 233	12 787		(1 446)	89,8%	82,6%			–	
Vote 6 - FINANCIAL SERVICES	25 953	963	26 916	24 141		(2 775)	89,7%	93,0%			–	
Vote 7 - CORPORATE SERVICES	77 331	(13 164)	64 167	71 656		7 489	111,7%	92,7%			–	
Vote 8 - ROADS AGENCY	119 464	(80)	119 384	102 801		(16 583)	86,1%	86,1%			–	
Vote 9 - TASK	–	–	–	–		–	-	-			–	
Vote 10 - HEALTH AGENCY	–	–	–	–		–	-	-			–	
Vote 11 - CORPORATE SERVICES	7 444	(1 218)	6 226	5 912		(314)	95,0%	79,4%			–	
Example 12 - Vote12	–		–	–		–	-	-			–	
Example 13 - Vote13	–		–	–		–	-	-			–	
Example 14 - Vote14	–		–	–		–	-	-			–	
Example 15 - Vote15	–		–	–		–	-	-			–	
Total Expenditure by Vote	**437 622**	**(21 530)**	**416 091**	**374 765**	**–**	**(41 326)**	**90,1%**	**85,6%**	**–**	**–**	**–**	**–**
Surplus/(Deficit) for the year	**(1 714)**	**1 714**	**–**	**26 707**		**26 707**	**#DIV/0!**	**-1558,3%**				

DC2 Cape Winelands DM - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2020/21								2019/20			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments 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
Revenue By Source												
Property rates	–		–			–	-	-				
Property rates - penalties & collection charges	–		–			–	-	-				
Service charges - electricity revenue	–		–	–		–	-	-				
Service charges - water revenue	–		–	–		–	-	-				
Service charges - sanitation revenue	–		–	–		–	-	-				
Service charges - refuse revenue	–		–	–		–	-	-				
Service charges - other	–	–	–	–		–	-	-				
Rental of facilities and equipment	131	109	240	239		(1)	99,4%	182,1%				
Interest earned - external investments	56 000	(21 000)	35 000	38 232		3 232	109,2%	68,3%				
Interest earned - outstanding debtors	–	–	–	–		–	-	-				
Dividends received	–	–	–	–		–	-	-				
Fines	–	–	–	–		–	-	-				
Licences and permits	250	403	653	670		17	102,6%	267,9%				
Agency services	117 505	–	117 505	105 033		(12 472)	89,4%	89,4%				
Transfers recognised - operational	248 405	1 856	250 261	245 614		(4 647)	98,1%	98,9%				
Other revenue	11 884	(778)	11 106	741		(10 365)	6,7%	6,2%				
Gains on disposal of PPE	–	–	–	–		–	-	-				
Total Revenue (excluding capital transfers and contributions)	**434 175**	**(19 410)**	**414 765**	**390 528**		**(24 236)**	**94,2%**	**89,9%**				**–**
Expenditure By Type			–				-					
Employee related costs	233 421	(2 521)	230 901	223 701		(7 199)	96,9%	95,8%			–	
Remuneration of councillors	13 941	(960)	12 981	12 657		(324)	97,5%	90,8%			–	
Debt impairment	750	(217)	533	33		(500)	6,1%	4,3%			–	
Depreciation & asset impairment	11 955	(2 366)	9 589	9 238		(351)	96,3%	77,3%			–	
Finance charges	–	–	–	–		–	-	-			–	
Bulk purchases	–	–	–	–		–	-	-			–	
Other materials	25 018	5 490	30 508	28 215		(2 294)	92,5%	112,8%			–	
Contracted services	58 039	(5 718)	52 321	31 787		(20 534)	60,8%	54,8%			–	
Transfers and grants	13 096	1 906	15 002	12 173		(2 828)	81,1%	93,0%			–	
Other expenditure	81 381	(17 310)	64 070	45 850		(18 221)	71,6%	56,3%			–	
Loss on disposal of PPE	20	167	187	167		(20)	89,2%	835,3%			–	
Total Expenditure	**437 622**	**(21 530)**	**416 091**	**363 821**	**–**	**(52 270)**	**87,4%**	**83,1%**	**–**	**–**	**–**	**–**
Surplus/(Deficit)	**(3 447)**	**2 120**	**(1 327)**	**26 707**		**28 034**	**-2013,4%**	**-774,8%**				**–**
Transfers recognised - capital	1 733	(407)	1 327	–		(1 327)	-	-				
Contributions recognised - capital	–	–	–	–		–	-	-				
Contributed assets	–	–	–	–		–	-	-				
Surplus/(Deficit) after capital transfers & contributions	**(1 714)**	**1 714**	**–**	**26 707**		**26 707**	**#DIV/0!**	**-1558,3%**				**–**
Taxation	–		–			–	-	-				
Surplus/(Deficit) after taxation	**(1 714)**	**1 714**	**–**	**26 707**		**26 707**	**#DIV/0!**	**-1558,3%**				**–**
Attributable to minorities	–		–			–	-	-				
Surplus/(Deficit) attributable to municipality	**(1 714)**	**1 714**	**–**	**26 707**		**26 707**	**#DIV/0!**	**-1558,3%**				**–**
Share of surplus/ (deficit) of associate	–		–			–	-	-				
Surplus/(Deficit) for the year	**(1 714)**	**1 714**	**–**	**26 707**		**26 707**	**#DIV/0!**	**-1558,3%**				**–**

DC2 Cape Winelands DM - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2020/21								2019/20			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments 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
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	–	–	–	–		–	-	-			–	
Vote 2 - COMM AND DEV	–	–	–	–		–	-	-			–	
Vote 3 - ENGINERING	–	–	–	–		–	-	-			–	
Vote 4 - RURAL AND SOCIAL	–	–	–			–	-	-			–	
Vote 5 - OFFICE OF THE MM	–	–	–	–		–	-	-			–	
Vote 6 - FINANCIAL SERVICES	–	–	–	–		–	-	-			–	
Vote 7 - CORPORATE SERVICES	–	–	–	–		–	-	-			–	
Vote 8 - ROADS AGENCY	–	–	–	–		–	-	-			–	
Vote 9 - TASK	–	–	–	–		–	-	-			–	
Vote 10 - HEALTH AGENCY	–	–	–	–		–	-	-			–	
Vote 11 - CORPORATE SERVICES	–	–	–	–		–	-	-			–	
Example 12 - Vote12	–	–	–	–		–	-	-			–	
Example 13 - Vote13	–	–	–	–		–	-	-			–	
Example 14 - Vote14	–	–	–	–		–	-	-			–	
Example 15 - Vote15	–	–	–	–		–	-	-			–	
Capital multi-year expenditure	–	–	–	–	–	–	-	-	–	–	–	–
Single-year expenditure												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	–	–	–	–		–	-	-			–	
Vote 2 - COMM AND DEV	16 441	(14 409)	2 032	562		(1 469)	28%	3%			–	
Vote 3 - ENGINERING	8 006	(3 451)	4 554	3 280		(1 274)	72%	41%			–	
Vote 4 - RURAL AND SOCIAL	51	–	75	71		(4)	95%	140%			–	
Vote 5 - OFFICE OF THE MM	200	(189)	12	6		(6)	50%	3%			–	
Vote 6 - FINANCIAL SERVICES	237	(146)	92	36		(55)	40%	15%			–	
Vote 7 - CORPORATE SERVICES	3 224	(1 695)	1 529	1 354		(175)	89%	42%			–	
Vote 8 - ROADS AGENCY	1 733	(1 453)	281	214		(67)	76%	12%			–	
Vote 9 - TASK	–	–	–	–		–	-	-			–	
Vote 10 - HEALTH AGENCY	–	–	–	–		–	-	-			–	
Vote 11 - CORPORATE SERVICES	–	–	–	–		–	-	-			–	
Example 12 - Vote12	–		–	–		–	-	-			–	
Example 13 - Vote13	–		–	–		–	-	-			–	
Example 14 - Vote14	–		–	–		–	-	-			–	
Example 15 - Vote15	–		–	–		–	-	-			–	
Capital single-year expenditure	29 891	(21 342)	8 573	5 523	–	(3 050)	64%	18%	–	–	–	–
Total Capital Expenditure - Vote	29 891	(21 342)	8 573	5 523	–	(3 050)	64%	18%	–	–	–	–
Capital Expenditure - Standard												
Governance and administration	**8 408**	**(4 931)**	**3 476**	**2 857**	–	**(620)**	**82%**	**34%**	–	–	–	–
Executive and council	–	–	–	–		–	-	-			–	
Budget and treasury office	237	(146)	92	36		(55)	40%	15%			–	
Corporate services	8 170	(4 786)	3 385	2 820		(565)	83%	35%			–	
Community and public safety	**16 491**	**(14 385)**	**2 107**	**633**	–	**(1 473)**	**30%**	**4%**	–	–	–	–
Community and social services	4 011	(3 705)	306	233		(72)	76%	6%			–	
Sport and recreation	–	–	–	–		–	-	-			–	
Public safety	12 465	(10 670)	1 794	393		(1 401)	22%	3%			–	
Housing	–	–	–	–		–	-	-			–	
Health	16	(10)	7	7		–	100%	41%			–	
Economic and environmental services	**4 992**	**(2 002)**	**2 990**	**2 033**	–	**(957)**	**68%**	**41%**	–	–	–	–
Planning and development	3 259	(550)	2 709	1 819		(890)	67%	56%			–	
Road transport	1 733	(1 453)	281	214		(67)	76%	12%			–	
Environmental protection	–	–	–	–		–	-	-			–	
Trading services	–	–			–	–	-	-	–	–	–	–
Electricity	–	–	–	–		–	-	-			–	
Water	–	–	–	–		–	-	-			–	
Waste water management	–	–	–	–		–	-	-			–	
Waste management	–	–	–	–		–	-	-			–	
Other	–	–	–	–		–	-	-			–	
Total Capital Expenditure - Standard	**29 891**	**(21 318)**	**8 573**	**5 523**	–	**(3 050)**	**64%**	**18%**	–	–	–	–
Funded by:												
National Government	–	–	–	–		–	-	-				
Provincial Government	1 733	(407)	1 327	214		(1 113)	16%	12%				
District Municipality	–	–	–	–		–	-	-				
Other transfers and grants	–	–	–	–		–	-	-				
Transfers recognised - capital	**1 733**	**(407)**	**1 327**	**214**		**(1 113)**	**16%**	**12%**				–
Public contributions & donations	–	–	–	–		–	-	-				
Borrowing	–	–	–	–		–	-	-				
Internally generated funds	**28 158**	**(20 911)**	**7 247**	**5 309**		**(1 938)**	**73%**	**19%**				
Total Capital Funding	**29 891**	**(21 318)**	**8 573**	**5 523**		**(3 050)**	**64%**	**18%**				–

DC2 Cape Winelands DM - Reconciliation of Table A7 Budgeted Cash Flows

Description	2020/21							2019/20
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	129 770	(266)	129 504	104 736	(24 768)	80,9%	80,7%	
Government - operating	250 138	3 279	253 417	245 614	(7 803)	96,9%	98,2%	
Government - capital	–	1 046	1 046	–	(1 046)	-	-	
Interest	56 000	(21 000)	35 000	44 276	9 276	126,5%	79,1%	
Dividends	–	–	–	–	–	-	-	
Payments								
Suppliers and employees	(396 139)	16 869	(379 271)	(327 769)	51 502	86,4%	82,7%	
Finance charges	–	–	–	–	–	-	-	
Transfers and Grants	(10 816)	(2 200)	(13 016)	(12 173)	843	93,5%	112,6%	
NET CASH FROM/(USED) OPERATING ACTIVITIES	**28 953**	**(2 272)**	**26 680**	**54 683**	**28 003**	**205,0%**	**188,9%**	**–**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	-	-	
Decrease (Increase) in non-current debtors	–	–	–	–	–	-	-	
Decrease (increase) other non-current receivables	–	–	–	–	–	-	-	
Decrease (increase) in non-current investments	–	–	–	–	–	-	-	
Payments								
Capital assets	(29 891)	21 318	(8 573)	(5 523)	3 050	64,4%	18,5%	
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(29 891)**	**21 318**	**(8 573)**	**(5 523)**	**3 050**	**64,4%**	**18,5%**	**–**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	-	-	
Borrowing long term/refinancing	–	–	–	–	–	-	-	
Increase (decrease) in consumer deposits	–	–	–	–	–	-	-	
Payments								
Repayment of borrowing	–	–	–	–	–	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**–**	**–**	**–**	**–**	**-**	**-**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD	(938)	19 046	18 107	49 161				–
Cash/cash equivalents at the year begin:	656 290	60 702	716 993	716 993				
Cash/cash equivalents at the year end:	655 352	79 748	735 100	766 154	31 054	104,2%	116,9%	

ANNEXURE B

DISCLOSURE OF BENEFITS IN TERMS OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 32 of 2000

In terms of **Schedule 1. 5(2)** A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose full particulars of the benefit of which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make the disclosure; and

In terms of **Schedule 2. 5(1)** A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.

BENEFICIARY	RELATIONSHIP	DETAIL (INDIRECT RELATION)	THIRD PARTY CONNECTION	2021	2020
Johan Carinus Familie Trust	Close family member	CLR. GJ Carinus	Johan George Carinus	36 000	-
				36 000	**-**

Necessary internal controls are implemented to consider the possibility, and to assess the likelihood, that a relationship between key management and councillors of the Municipality and related parties of suppliers with whom the Municipality does business with, would be able to influence a contract concluded by the Municipality in their mutual dealings, as envisaged in Schedules 1 par.5(2) and 2 par.5.1 of the Municipal Systems Act.