

# **Central Karoo District**

## **MUNICIPALITY**



### **AUDITED ANNUAL FINANCIAL STATEMENTS**

### **30 JUNE 2024**



29 November 2024

# CENTRAL KAROO DISTRICT MUNICIPALITY

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# CENTRAL KAROO DISTRICT MUNICIPALITY

## AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Central Karoo District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1998)

#### GRADING OF MUNICIPALITY

C

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Central Karoo District Municipality includes the following municipal areas:

Beaufort West Municipality

Prince Albert Municipality

Laingsburg Municipality

#### EXECUTIVE MAYOR

J Botha

#### DEPUTY EXECUTIVE MAYOR

TCJ Prince

#### SPEAKER

LM Paulse

#### MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor

Deputy Executive Mayor

Executive Councillor

Executive Councillor

Executive Councillor

J Botha

TCJ Prince

DW Sample

LBJ Mdudumani

IA Jacobs

#### MUNICIPAL MANAGER

JM Penxa

#### CHIEF FINANCIAL OFFICER

Ms K Makalima (Acting)

#### REGISTERED OFFICE

63 Donkin Street

Beaufort West

6970

#### AUDITORS

Auditor General of South Africa



# CENTRAL KAROO DISTRICT MUNICIPALITY

## AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### GENERAL INFORMATION

#### PRINCIPAL BANKERS

Nedbank, Beaufort West  
ABSA, Beaufort West  
First National Bank, Beaufort West

#### ATTORNEYS

Crawfords Attorneys  
Coetzee & van den Bergh Attorneys  
Van der Wall  
Tshangana Associates Attorneys

#### RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements  
Constitution (Act no.108 of 1998)  
Division of Revenue Act  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Housing Act (Act no 107 of 1997)  
Infrastructure Grants  
Municipal Budget and Reporting Regulations  
Municipal Finance Management Act (Act no 56 of 2003)  
Municipal Planning and Performance Management Regulations  
Municipal Property Rates Act (Act no 6 of 2004)  
Municipal Regulations on Standard Chart of Accounts  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)  
and regulations issued in terms of the Act)  
SALBC Leave Regulations  
Skills Development Levies Act (Act no 9 of 1999)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act (Act no 30 of 1966)  
Value Added Tax Act

#### MEMBERS OF THE CENTRAL KAROO DISTRICT MUNICIPALITY

##### WARD

Proportional  
Proportional  
Proportional  
Directly-elected  
Directly-elected  
Directly-elected  
Proportional  
Proportional  
Proportional  
Proportional

##### COUNCILLOR

S Jooste  
J Reynolds  
J van der Linde  
AP Swanepoel  
G Pietersen  
DU Snyders  
LBJ Mdudumani  
LV Piti  
A MacKay  
SD Koonthea



# CENTRAL KAROO DISTRICT MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2024, which are set out on pages 2 to 102 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

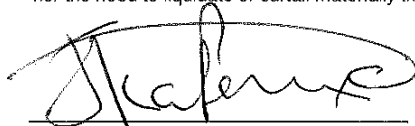
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

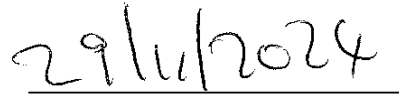
The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.



JM Penxa  
Municipal Manager



Date



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024**

	Notes	2024 R	2023 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>16 836 246</b>	<b>15 149 261</b>
Property, Plant and Equipment	2	9 807 918	8 543 142
Intangible Assets	3	48 029	62 218
Non-Current Receivables from Non-Exchange Transactions	4	6 980 299	6 543 900
<b>Current Assets</b>		<b>20 768 457</b>	<b>20 231 884</b>
Inventory	5	1 585 907	1 556 651
Receivables from Exchange Transactions	6.1	4 742 474	4 304 975
Receivables from Non-exchange Transactions	6.2	594 081	1 110 493
VAT receivable	14	588 470	1 419 580
Current Portion of Non-Current Receivables	4	570 701	531 100
Cash and Cash Equivalents	7	12 686 824	11 309 086
<b>Total Assets</b>		<b>37 604 703</b>	<b>35 381 145</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>13 281 000</b>	<b>13 173 001</b>
Long-term Borrowings	8	-	-
Non-current Employee Benefits	9	13 281 000	13 173 001
<b>Current Liabilities</b>		<b>14 177 268</b>	<b>10 311 800</b>
Consumer Deposits	10	-	1 500
Provisions	15	1 007 462	323 930
Current Employee Benefits	11	5 966 163	5 252 405
Trade and Other Payables from Exchange Transactions	12	1 835 800	1 129 504
Unspent Transfers and Subsidies	13	5 367 842	3 504 832
Current Portion of Long-term Borrowings	8	-	99 629
<b>Total Liabilities</b>		<b>27 458 268</b>	<b>23 484 801</b>
<b>Net Assets</b>		<b>10 146 434</b>	<b>11 896 340</b>
Accumulated Surplus		10 146 434	11 896 340
<b>Total Net Assets and Liabilities</b>		<b>37 604 702</b>	<b>35 381 141</b>



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2024 R	2023 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>46 571 487</b>	<b>45 558 206</b>
<b>Transfer Revenue</b>		<b>45 585 564</b>	<b>42 993 976</b>
Government Grants and Subsidies	16	45 585 564	42 993 976
<b>Other Revenue</b>		<b>985 922</b>	<b>2 564 230</b>
Actuarial Gains	9	985 922	2 564 230
<b>Revenue from Exchange Transactions</b>		<b>74 862 876</b>	<b>67 665 051</b>
Licences and Permits	17	55 263	47 241
Rental from Fixed Assets	18	65 859	96 190
Interest Earned - External Investments	19	1 704 944	1 298 247
Operational Revenue	20	1 204 022	196 573
Department of Transport - Roads Service Charges	21	65 781 515	60 528 654
Straight Service Charge	21	6 001 042	5 492 609
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	5	50 231	5 538
<b>Total Revenue</b>		<b>121 434 363</b>	<b>113 223 257</b>
<b>EXPENDITURE</b>			
Employee related costs	22	(67 828 847)	(62 423 233)
Remuneration of Councillors	23	(4 974 967)	(4 829 376)
Debt impairment		-	(89 823)
Contracted Services	24	(10 887 037)	(9 491 206)
Depreciation and Amortisation	25	(789 451)	(973 691)
Finance Costs	26	(842 743)	(834 165)
Inventory Consumed	5	(14 105 844)	(12 599 317)
Loss on disposal of assets and liabilities	29	(944)	(1 935 520)
Transfers and Subsidies	27	(1 199 265)	(1 532 684)
Operational Costs	28	(22 555 174)	(22 820 349)
<b>Total Expenditure</b>		<b>(123 184 272)</b>	<b>(117 529 365)</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(1 749 910)</b>	<b>(4 306 108)</b>



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>Accumulated Surplus/ (Deficit) R</b>	<b>Total R</b>
<b>Balance at 1 July 2022</b>	<b>15 363 622</b>	<b>15 363 622</b>
Correction of Error - note 30	838 830	838 830
<b>Restated balance</b>	<b>16 202 452</b>	<b>16 202 452</b>
Net Surplus/(Deficit) for the year	(4 306 108)	(4 306 108)
Net Surplus/(Deficit) previously reported	(4 245 347)	(4 245 347)
Effects of Correction of Errors - note 30	(60 760)	(60 760)
<b>Restated balance at 30 June 2023</b>	<b>11 896 344</b>	<b>11 896 344</b>
Net Surplus/(Deficit) for the year	(1 749 910)	(1 749 910)
<b>Balance at 30 June 2024</b>	<b>10 146 435</b>	<b>10 146 435</b>





**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2024 R	2023 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Other Revenue		73 097 470	70 514 357
Government - Operating and Capital		48 545 220	45 087 237
Interest income		1 704 944	1 298 247
Cash payments			
Suppliers of goods and services		(47 670 297)	(49 089 925)
Employee related cost		(71 824 133)	(66 844 579)
Finance Costs		(14 743)	(14 165)
Transfers and Grants		(1 199 265)	(1 532 684)
<b>Net Cash from Operating Activities</b>	<b>31</b>	<b>2 639 196</b>	<b>(581 512)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(1 161 830)	(840 223)
Purchase of Intangible Assets		-	(34 125)
<b>Net Cash from Investing Activities</b>		<b>(1 161 830)</b>	<b>(874 348)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Finance leases		(99 629)	(141 015)
<b>Net Cash from Financing Activities</b>		<b>(99 629)</b>	<b>(141 015)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1 377 738</b>	<b>(1 596 879)</b>
Cash and Cash Equivalents at the beginning of the year		11 309 086	12 905 965
Cash and Cash Equivalents at the end of the year		12 686 824	11 309 086
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1 377 738</b>	<b>(1 596 879)</b>



CENTRAL KAROO DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

National Treasury Classification Format		GRAP Annual Financial Statement Classification Format						Reasons for Material variances						
		Original Budget		Adjustments		Final Budget		Actual Outcome 2024		Difference between Final Budget and Actual Outcome		Variance (Actual Outcome as % of Final Budget)		
		R		R		R		R		R		%		
ASSETS														
Current Assets														
Cash and cash equivalents	Cash and Cash Equivalents	9 120 974		2 208 902		11 329 876		12 686 824		1 356 948		12%	Please see reasons under Note 33.2.1.1	
Trade and other receivables from exchange transactions	Receivables from Exchange Transactions	9 882 759		(9 204 701)		678 058		4 742 474		4 064 416		599%	Please see reasons under Note 33.2.1.2	
Receivables from non-exchange transactions	Receivables from Non-exchange Transactions	-		-		-		594 081		594 081		100%	Please see reasons under Note 33.2.1.3	
Current portion of non-current receivables	Current Portion of Non-Current Receivables	500 510		30 590		531 100		570 701		39 601		7%	Please see reasons under Note 33.2.1.4	
Inventory	Inventory	1 279 290		277 360		1 556 650		1 585 907		29 257		2%	Please see reasons under Note 33.2.1.5	
VAT	VAT Receivable	722 993		126 684		849 677		588 470		(261 207)		-31%	Please see reasons under Note 33.2.1.6	
Other current assets		(370 259)		5 097 610		4 727 351		-		(4 727 351)		-100%	Please see reasons under Note 33.2.1.7	
Total Current Assets		21 136 267		(1 463 555)		19 672 712		20 768 457		1 095 745		6%		
Non-Current Assets														
Non-current receivables from non-exchange transactions	Non-Current Receivables from Non-Exchange Transactions	7 372 490		(828 590)		6 543 900		6 980 299		436 399		7%	Please see reasons under Note 33.2.2.1	
Property, Plant and Equipment	Property, Plant and Equipment	10 865 214		227 604		11 092 818		9 807 918		(1 284 900)		-12%	Please see reasons under Note 33.2.2.2	
Intangible Assets	Intangible Assets	47 259		14 960		62 219		48 029		(14 190)		-23%	Please see reasons under Note 33.2.2.3	
Total Non-Current Assets		18 284 963		(586 026)		17 698 937		16 836 246		(862 691)		-5%		
TOTAL ASSETS		39 421 230		(2 049 581)		37 371 649		37 604 703		233 054		1%		



National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Adjustments	Final Budget	Actual Outcome 2024	Difference between Final Budget and Actual Outcome	Variance (Actual Outcome as % of Final Budget)	Reasons for Material variances
		R	R	R	R	R	%	
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Financial liabilities								
Consumer Deposits	Current Portion of Long-term Borrowings	141 015	(41 386)	99 629	-	(99 629)	-100%	Please see reasons under Note 33.2.3.1
Trade and other payables from exchange transactions	Consumer Deposits	-	1 500	1 500	-	(1 500)	-100%	Please see reasons under Note 33.2.3.2
		1 751 894	(511 377)	1 240 517	1 835 800	595 283	48%	Please see reasons under Note 33.2.3.3
	Trade and Other Payables from Exchange Transactions	1 751 894	(511 377)	1 240 517	1 835 800	595 283		
	Transfers and Subsidies Payable	-	-	-	-	-		
	Unspent Transfers and Subsidies	347 016	2 099 173	2 446 189	5 367 842	2 921 653	119%	Please see reasons under Note 33.2.3.4
Provisions	Current Employee Benefits	4 599 799	86 029	4 685 828	6 973 625	2 287 797	49%	Please see reasons under Note 33.2.3.5
VAT	VAT payable	(477 046)	(92 645)	(569 691)	-	569 691	-100%	Please see reasons under Note 33.2.3.6
Other current liabilities		928 030	(119 030)	809 000	-	(809 000)	-100%	Please see reasons under Note 33.2.3.7
<b>Total Current Liabilities</b>		<b>7 290 708</b>	<b>1 422 264</b>	<b>8 712 972</b>	<b>14 177 268</b>	<b>5 465 796</b>	<b>63%</b>	
<b>Non-Current Liabilities</b>								
Borrowing	Long-term Borrowings	99 629	-	99 629	-	(99 629)	-100%	Please see reasons under Note 33.2.4.1
Provisions	Non-current Employee Benefits	-	2 279 000	2 279 000	13 281 000	11 002 000	483%	Please see reasons under Note 33.2.4.2
Other non-current liabilities		14 821 002	(3 572 000)	11 249 002	-	(11 249 002)	-100%	Please see reasons under Note 33.2.4.3
<b>Total Non-Current Liabilities</b>		<b>14 920 631</b>	<b>(1 293 000)</b>	<b>13 627 631</b>	<b>13 281 000</b>	<b>(346 631)</b>	<b>-3%</b>	
<b>TOTAL LIABILITIES</b>		<b>22 211 339</b>	<b>129 264</b>	<b>22 340 603</b>	<b>27 458 268</b>	<b>5 119 165</b>	<b>23%</b>	
<b>NET ASSETS</b>								
Accumulated Surplus/(Deficit)	Accumulated Surplus/(Deficit)	17 209 890	2 068 528	19 278 418	10 146 434	(9 131 984)	-47%	Please see reasons under Note 33.2.5.1
<b>TOTAL NET ASSETS</b>		<b>17 209 890</b>	<b>2 068 528</b>	<b>19 278 418</b>	<b>10 146 434</b>	<b>(9 131 984)</b>	<b>-47%</b>	

The MBRR requires a comparison to be disclosed between the budgeted and actual figures of the municipality. There are however differences in classification of items due to the disclosure requirement of National treasury not being in complete alignment with GRAP. Hence the need to show a reconciliation of the different classifications above.



**CENTRAL KAROO DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024**

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Adjustments	Final Budget	Actual Outcome 2024	Difference between Final Budget and Actual Outcome	Variance (Actual Outcome as % of Final Budget)	Reasons for Material variances
<b>REVENUE</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	
<b>Exchange Revenue</b>								
Rental from Fixed Assets	Rental from Fixed Assets	54 706	-	54 706	65 859	11 153	20%	Please see reasons under Note 33.2.6.1
Interest earned from Current and Non Current Assets	Interest Earned - External Investments	1 147 727	563 784	1 711 511	1 704 944	(6 567)	0%	Please see reasons under Note 33.2.6.2
Licences and Permits	Licences and Permits	19 184	28 793	48 977	55 263	6 286	13%	Please see reasons under Note 33.2.6.3
Agency Services		6 666 000	-	6 666 000	-	(6 666 000)	-100%	Please see reasons under Note 33.2.6.4
Operational Revenue		62 440 892	1 022 893	63 463 785	72 986 579	9 522 794	15%	Please see reasons under Note 33.2.6.5
	Operational Revenue	62 440 892	1 022 893	63 463 785	1 204 022	(62 259 763)		
	Department of Transport - Roads Service Charges	-	-	-	65 781 515	65 781 515		
	Straight Service Charge	-	-	-	6 001 042	6 001 042		
Sales of Goods and Rendering of Services		154 062	(51 226)	102 836	-	(102 836)		Please see reasons under Note 33.2.6.6
<b>Non-Exchange Revenue</b>								
Transfer and subsidies - Operational	Government Grants and Subsidies (Operational only)	44 398 412	4 033 249	48 431 661	44 735 268	(3 696 393)	-8%	Please see reasons under Note 33.2.6.7
Other Gains		-	-	(1)	1 036 154	1 036 155	-103615458%	Please see reasons under Note 33.2.6.8
	Actual Gains	-	-	(1)	985 922	985 923		
	Inventories;(Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-	50 231	50 231		
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>114 880 983</b>	<b>5 598 493</b>	<b>120 479 475</b>	<b>120 584 066</b>	<b>104 591</b>	<b>0%</b>	
<b>EXPENDITURE</b>								
Employee Related Costs	Employee Related Costs	60 704 437	829 220	61 533 657	67 828 847	6 295 190	10%	Please see reasons under Note 33.2.7.1
Remuneration of Councillors	Remuneration of Councillors	5 308 074	(223 023)	5 085 051	4 974 967	(110 084)	-2%	Please see reasons under Note 33.2.7.2
Debt Impairment		-	-	-	-	-	0%	Please see reasons under Note 33.2.7.3
	Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	-	-	-	-		
	Bad Debts Written Off	-	-	-	-	-		
Depreciation and amortisation	Depreciation and Amortisation	734 000	92 800	826 800	789 451	(37 349)	-5%	Please see reasons under Note 33.2.7.4
Interest	Finance Costs	1	-	1	842 743	842 742	84274217%	Please see reasons under Note 33.2.7.5
Inventory consumed	Inventory Consumed	19 624 436	(2 944 505)	16 679 931	14 105 844	(2 574 087)	-15%	Please see reasons under Note 33.2.7.6
Contracted Services	Contracted Services	6 575 852	4 583 113	11 158 965	10 887 037	(271 928)	-2%	Please see reasons under Note 33.2.7.7
Transfers and Subsidies	Transfers and Subsidies	231 476	161 841	393 317	1 199 265	805 948	205%	Please see reasons under Note 33.2.7.8
Operational costs	Operational Costs	21 272 289	2 014 666	23 286 955	22 555 174	(731 781)	-3%	Please see reasons under Note 33.2.7.9
Losses on disposal of Assets	Gains/(Loss) on Sale of Fixed Assets	-	-	-	944	944	100%	Please see reasons under Note 33.2.7.10
<b>Total Expenditure</b>		<b>114 450 565</b>	<b>4 514 112</b>	<b>118 964 677</b>	<b>123 184 272</b>	<b>4 219 595</b>	<b>4%</b>	



National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Adjustments	Final Budget	Actual Outcome 2024	Difference between Final Budget and Actual Outcome	Variance (Actual Outcome as % of Final Budget)	Reasons for Material variances
		R	R	R	R	R	%	
<b>Surplus/(Deficit)</b>		430 418	1 084 381	1 514 798	(2 600 206)	(4 115 004)	-272%	
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies (Capital only)	-	2 400 000	2 400 000	850 296	(1 549 704)	-65%	
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	-	-	-	-	-	0%	Please see reasons under Note 33.2.6.9
<b>Surplus/(Deficit) before taxation</b>		430 418	3 484 381	3 914 798	(1 749 910)	(5 664 708)	-145%	
Income Tax		-	-	-	-	-	0%	
<b>Surplus/(Deficit) after Taxation</b>		430 418	3 484 381	3 914 798	(1 749 910)	(5 664 708)	-145%	
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	0%	
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	0%	
<b>:Surplus/(Deficit) attributable to municipality</b>		430 418	3 484 381	3 914 798	(1 749 910)	(5 664 708)	-145%	
Share of Surplus/Deficit attributable to Associate Intercompany/Parent subsidiary transactions		-	-	-	-	-	0%	
<b>Surplus/(Deficit) for the year</b>		430 418	3 484 381	3 914 798	(1 749 910)	(5 664 708)	-145%	

The MBRR requires a comparison to be disclosed between the budgeted and actual figures of the municipality. There are however differences in classification of items due to the disclosure requirement of National treasury not being in complete alignment with GRAP. Hence the need to show a reconciliation of the different classifications above.



CENTRAL KAROO DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Adjustments	Final Budget	Actual Outcome 2024	Difference between Final Budget and Actual Outcome	Variance (Actual Outcome as % of Final Budget)	Reasons for Material variances
		R	R	R	R	R	%	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Other Revenue		69 318 432	(65 000)	69 253 432	73 097 470	3 844 038	6%	Please see reasons under Note 33.2.8.1
Transfers and Subsidies - Operational	Government - Operating	44 398 412	2 624 602	47 023 014	48 545 220	1 522 206	3%	Please see reasons under Note 33.2.8.2
Transfers and Subsidies - Capital	Government - Capital	-	2 400 000	2 400 000	-	(2 400 000)	-100%	Please see reasons under Note 33.2.8.3
Interest		1 147 727	650 000	1 797 727	1 704 944	(92 783)	-5%	Please see reasons under Note 33.2.8.4
<b>Payments</b>								
Suppliers and Employees		(113 109 722)	(16 091 892)	(129 201 614)	(119 494 430)	9 707 184	-8%	Please see reasons under Note 33.2.8.5
	Suppliers of goods and services	-	-	-	(47 670 297)	-		
	Employee related cost	-	-	-	(71 824 133)	-		
Finance charges								
Transfers and Subsidies		(231 476)	-	-	(14 743)	(14 743)	100%	Please see reasons under Note 33.2.8.6
	Transfers and Grants	-	231 476	-	(1 199 265)	(1 199 265)	100%	Please see reasons under Note 33.2.8.7
<b>Net Cash from/(used) Operating Activities</b>		<b>1 523 373</b>	<b>(10 250 814)</b>	<b>(8 727 441)</b>	<b>2 639 196</b>	<b>11 366 637</b>	<b>-130%</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE		-	-	-	-	-	100%	Please see reasons under Note 33.2.9.1
Decrease (increase) in Non-Current Receivables		-	(828 590)	(828 590)	-	828 590	-100%	Please see reasons under Note 33.2.9.2
<b>Payments</b>								
Capital Assets		(400 000)	(3 570 795)	(3 970 795)	(1 161 830)	2 808 965	-71%	Please see reasons under Note 33.2.9.3
	Purchase of Property, Plant and Equipment	(400 000)	(3 570 795)	(3 970 795)	(1 161 830)	2 808 965		
	Purchase of Intangible Assets	-	-	-	-	-		
<b>Net Cash from/(used) Investing Activities</b>		<b>(400 000)</b>	<b>(4 399 385)</b>	<b>(4 799 385)</b>	<b>(1 161 830)</b>	<b>3 637 555</b>	<b>-76%</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Increase (decrease) in consumer deposits		-	-	-	-	-	100%	Please see reasons under Note 33.2.10.1
<b>Payments</b>								
Repayment of Borrowing		-	-	-	(99 629)	(99 629)	100%	Please see reasons under Note 33.2.10.2
	Repayment of Finance leases	-	-	-	(99 629)	(99 629)		
<b>Net Cash from/(used) Financing Activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(99 629)</b>	<b>(99 629)</b>	<b>100%</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>1 123 373</b>	<b>(14 650 199)</b>	<b>(13 526 826)</b>	<b>1 377 738</b>	<b>14 904 564</b>	<b>-110%</b>	
Cash and Cash Equivalents at the year begin:		7 997 601	3 311 484	11 309 085	11 309 086	1	0%	
Cash and Cash Equivalents at the year end:		<b>9 120 974</b>	<b>(11 338 715)</b>	<b>(2 217 741)</b>	<b>12 686 824</b>	<b>14 904 565</b>	<b>-672%</b>	

\*Suppliers and employees are aggregated in the budget, no longer in the AFS.



CENTRAL KAROO DISTRICT MUNICIPALITY  
APPROPRIATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2024	Unauthorised expenditure	Variance	Variance Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)
		R	R	R	R	R	R	R	R	R	%	%
FINANCIAL PERFORMANCE												
Exchange Revenue												
Rental from Fixed Assets	Rental from Fixed Assets	54 706	-	54 706	-	-	54 706	65 859	-	11 153	20%	20%
Interest earned from Current and Non Current Assets	Interest Earned - External Investments	1 147 727	563 784	1 711 511	-	-	1 711 511	1 704 944	-	(6 567)	0%	49%
Licences and Permits	Licences and Permits	19 184	29 793	48 977	-	-	6 666 000	55 263	-	6 286	13%	188%
Agency Services	Agency Services	6 666 000	-	6 666 000	-	-	6 666 000	-	-	(6 666 000)	-100%	-100%
Operational Revenue	Operational Revenue	62 440 892	1 022 893	63 463 785	-	-	63 463 785	72 986 579	-	9 522 794	15%	17%
	Operational Revenue	62 440 892	1 022 893	63 463 785	-	-	63 463 785	1 204 022	-	(62 259 763)	-98%	-98%
	Department of Transport - Roads Service Charges	-	-	-	-	-	-	65 781 515	-	65 781 515	-100%	-100%
	Straight Service Charge	-	-	-	-	-	-	6 001 042	-	6 001 042	-100%	-100%
Sales of Goods and Rendering of Services		154 062	(51 226)	102 836	-	-	102 836	-	-	(102 836)	-100%	-100%
Non-Exchange Revenue												
Transfer and subsidies - Operational	Government Grants and Subsidies (Operational only)	44 398 412	4 033 249	48 431 661	-	-	48 431 661	44 735 268	-	(3 696 393)	-8%	1%
Other Gains		-	-	-	-	-	-	1 036 154	-	1 036 154	-100%	-100%
	Actual Gains	-	-	-	-	-	-	985 922	-	985 922	-100%	-100%
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	-	-	-	-	-	-	0%	0%
	Inventories;(Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-	-	-	-	50 231	-	50 231	-100%	-100%
Total Revenue (excluding capital transfers and contributions)												
		114 880 983	5 598 493	120 479 476	-	-	120 479 476	120 584 066	-	104 590	0%	5%
Employee Related Costs	Employee Related Costs	60 704 437	829 220	61 533 657	-	-	61 533 657	67 828 847	(5 000 163)	6 295 190	10%	12%
Remuneration of Councillors	Remuneration of Councillors	5 308 074	(223 023)	5 085 051	-	-	5 085 051	4 974 967	110 084	(110 084)	-2%	-6%
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	-	-	-	-	-	-	-	-	0%	0%
Irrecoverable debts written off	Bad Debts Written Off	-	-	-	-	-	-	-	-	-	0%	0%
Depreciation and amortisation	Depreciation and Amortisation	-	-	-	-	-	-	-	-	-	0%	0%
Interest	Finance Costs	734 000	92 800	826 800	-	-	826 800	789 451	(36 863)	(37 349)	-5%	8%
Inventory consumed	Inventory consumed	1	-	1	-	-	1	842 743	(3 996)	842 742	84274217%	-28%
Contracted Services	Contracted Services	19 624 436	(2 944 505)	16 679 931	-	-	16 679 931	14 105 844	2 117 694	(2 574 087)	-15%	66%
Transfers and Subsidies	Transfers and Subsidies	6 575 852	4 583 113	11 158 965	-	-	11 158 965	10 887 037	(1 487 700)	(271 928)	-2%	418%
Operational Costs	Operational Costs	231 476	161 841	393 317	-	-	393 317	1 199 265	5 347	805 948	205%	6%
Other Losses	Operational Costs	21 272 289	2 014 666	23 286 955	-	-	23 286 955	22 555 174	(1 575 683)	(731 781)	-3%	0%
Losses on Disposal of Assets	Losses on disposal of assets and liabilities	-	-	-	-	-	-	944	-	944	-100%	-100%
Total Expenditure												
		114 450 565	4 514 112	118 964 677	-	-	118 964 677	123 184 272	(5 871 280)	4 219 595	4%	8%
Surplus/(Deficit)	Surplus/(Deficit)	430 418	1 084 381	1 514 799	-	-	1 514 799	(2 600 206)	-	(4 115 005)	-272%	-704%
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies (Capital only)	-	2 400 000	2 400 000	-	-	2 400 000	850 296	-	(1 549 704)	-65%	-100%
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0%	0%
Surplus/(Deficit) after Capital Transfers & Contributions												
		430 418	3 484 381	3 914 799	-	-	3 914 799	(1 749 910)	-	(5 664 709)	-145%	-507%
Taxation		-	-	-	-	-	-	-	-	-	0%	0%
Surplus/(Deficit) after Taxation	Surplus/(Deficit) after Taxation	430 418	3 484 381	3 914 799	-	-	3 914 799	(1 749 910)	-	(5 664 709)	-145%	-507%
Attributable to Minorities		-	-	-	-	-	-	-	-	-	0%	0%
Surplus/(Deficit) Attributable to Municipality	Surplus/(Deficit) Attributable to Municipality	430 418	3 484 381	3 914 799	-	-	3 914 799	(1 749 910)	-	(5 664 709)	-145%	-507%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	-	-	0%	0%
Surplus/(Deficit) for the year	Surplus/(Deficit) for the year	430 418	3 484 381	3 914 799	-	-	3 914 799	(1 749 910)	-	(5 664 709)	-145%	-507%



2024 (continued)

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2024	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)
<b>CAPITAL EXPENDITURE AND FUND SOURCES</b>												
<b>Total expenditure and funds sources</b>												
Total Capital expenditure		3 905 503	(1 726 066)	2 179 437	-	-	2 179 437	2 040 982	-	(138 455)	-6%	-48%
<b>Sources of capital funds</b>												
Transfers recognised - capital		600 000	1 305 937	1 905 937	-	-	1 905 937	1 057 389	-	(848 548)	-45%	76%
Transfers recognised - capital (Allocation in-kind)		-	-	-	-	-	-	879 152	-	879 152	-100%	-100%
Internally generated funds		305 503	(32 003)	273 500	-	-	273 500	104 441	(887 439)	(169 059)	-62%	-66%
<b>Total sources of capital funds</b>		<b>905 503</b>	<b>1 273 934</b>	<b>2 179 437</b>	<b>-</b>	<b>-</b>	<b>2 179 437</b>	<b>2 040 982</b>	<b>(887 439)</b>	<b>(138 455)</b>	<b>-6%</b>	<b>125%</b>
<b>CASHFLOWS</b>												
Net cash from / (used) in operating activities		1 523 373	(10 250 814)	(8 727 441)	-	-	(8 727 441)	2 639 196	-	11 366 637	-130%	73%
Net cash from / (used) in investing activities		(400 000)	(4 399 385)	(4 799 385)	-	-	(4 799 385)	(1 161 830)	-	3 637 555	-76%	190%
Net cash from / (used) in financing activities		-	-	-	-	-	-	(99 629)	-	(99 629)	-100%	-100%
<b>Net increase/(decrease) in cash and cash equivalents at year end</b>		<b>1 123 373</b>	<b>(14 650 199)</b>	<b>(13 526 826)</b>	<b>-</b>	<b>-</b>	<b>(13 526 826)</b>	<b>1 377 738</b>	<b>-</b>	<b>14 904 564</b>	<b>-110%</b>	<b>23%</b>
Cash and cash equivalents at the beginning of the year		7 997 601	3 311 484	11 309 085	-	-	11 309 085	11 309 086	-	1	0%	41%
<b>Cash and cash equivalents at the end of the year</b>		<b>9 120 974</b>	<b>(11 338 715)</b>	<b>(2 217 741)</b>	<b>-</b>	<b>-</b>	<b>(2 217 741)</b>	<b>12 686 824</b>	<b>-</b>	<b>14 904 565</b>	<b>-672%</b>	<b>39%</b>





2023

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by-law)	Final Budget	Restated Audited Outcome 2023	Reported Unauthorised expenditure	Variance	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered
		R	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL PERFORMANCE</b>												
Rental from Fixed Assets	Rental from Fixed Assets	50 000	50 000	100 000	-	-	100 000	96 190	-	(3 810)	-	-
Interest earned from Current and Non Current Assets		50 000	50 000	100 000	-	-	100 000	96 190	-	(3 810)	-	-
Licences and Permits		1 049 000	300 000	1 349 000	-	-	1 349 000	1 288 247	-	(60 753)	-	-
Agency Services		18 358	5 000	23 358	-	-	23 358	47 241	-	23 883	-	-
Transfer and subsidies - Operational	Government Grants and Subsidies (Operational only)	6 657 600	192 000	6 849 600	-	-	6 849 600	-	-	(6 849 600)	-	-
Other Revenue		43 772 740	1 650 179	45 422 919	-	-	45 422 919	41 068 976	-	(4 353 943)	-	-
		58 538 271	432 458	58 970 729	-	-	58 970 729	66 217 836	-	7 247 107	-	-
		58 538 271	432 458	58 970 729	-	-	58 970 729	196 573	-	(58 774 156)	-	-
Sales of Goods and Rendering of Services	Department of Transport - Roads Service Charges							60 528 654	-	60 528 654	-	-
Other Gains	Straight Service Charge	147 459	(147 459)	-	-	-	-	5 492 609	-	5 492 609	-	-
								2 569 768	-	2 569 768	-	-
	Actual Gains							2 564 230	-	2 564 230	-	-
	Reversal of Impairment Loss on receivables							-	-	-	-	-
	Inventories;(Write-down)/Reversal of Write-down to Net Realisable Value							5 538	-	5 538	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>												
		110 233 428	2 482 178	112 715 606	-	-	112 715 606	111 298 257	-	(1 417 349)	-	-
Employee Related Costs		53 312 860	2 638 530	55 951 390	-	-	55 951 390	62 423 233	-	6 471 843	-	-
Remuneration of Councillors		4 851 478	(20 000)	4 831 478	-	-	4 831 478	4 829 376	-	(2 102)	-	-
Debt Impairment		-	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		78 675	-	78 675	-	-	78 675	89 823	-	11 148	-	-
Depreciation and Asset Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables	811 660	-	811 660	-	-	811 660	973 691	-	44 331	-	-
Finance Charges	Depreciation and Amortisation	-	-	-	-	-	-	834 165	-	834 165	-	-
Inventory consumed	Finance Costs	11 935 850	-	11 935 850	-	-	11 935 850	12 599 317	-	1 418 844	-	-
Contracted Services		10 077 590	-	10 077 590	-	-	10 077 590	9 491 206	-	(210 782)	-	-
Transfers and Subsidies		2 893 000	-	2 893 000	-	-	2 893 000	1 532 684	-	(1 360 316)	-	-
Operational costs		19 417 600	1 733 942	21 151 542	-	-	21 151 542	22 820 349	-	1 668 807	-	-
Losses on Disposal of Assets	Operational Costs	-	-	-	-	-	-	1 935 520	-	1 935 520	-	-
Other Losses	Loss on disposal of assets and liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>												
		103 378 713	4 352 472	107 731 185	-	-	107 731 185	117 529 365	6 113 285	9 798 180	-	-
<b>Surplus/(Deficit)</b>												
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies (Capital only)	6 854 715	(1 870 294)	4 984 421	-	-	4 984 421	(6 231 108)	-	(11 215 529)	-	-
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	-	-	-	-	-	-	1 925 000	-	1 925 000	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>												
		6 854 715	(1 870 294)	4 984 421	-	-	4 984 421	(4 306 108)	-	(9 290 529)	-	-
Taxation		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>												
Attributable to Minorities		6 854 715	(1 870 294)	4 984 421	-	-	4 984 421	(4 306 108)	-	(9 290 529)	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>												
Share of Surplus/(Deficit) of Associate		6 854 715	(1 870 294)	4 984 421	-	-	4 984 421	(4 306 108)	-	(9 290 529)	-	-
<b>Surplus/(Deficit) for the year</b>												
		6 854 715	(1 870 294)	4 984 421	-	-	4 984 421	(4 306 108)	-	(9 290 529)	-	-



2023 (continued)

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Budget				Shifting of Funds (i.t.o. s31 of the MFMA)		Virement (i.t.o. Council approved by-law)		Final Budget		Restated Audited Outcome 2023		Reported Unauthorised expenditure		Variance		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered	
		Original Budget	Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	R	R	R	R	R	R	R	R	R	R	R	R	R	R			
CAPITAL EXPENDITURE AND FUND SOURCES																					
Total expenditure and funds sources																					
Total Capital expenditure		2 715 500	-	2 715 500	-	-	-	-	-	2 715 500	1 038 900	-	(1 676 600)								
Sources of capital funds																					
Transfers recognised - capital		600 000	880 000	1 480 000	-	-	-	-	-	1 480 000	1 997 880	-	517 880								
Internally generated funds		2 115 500	(880 500)	1 235 000	-	-	-	-	-	1 235 000	154 573	-	(1 080 427)								
Total sources of capital funds		2 715 500	(500)	2 715 000	-	-	-	-	-	2 715 000	2 152 453	-	(562 547)								
CASHFLOWS																					
Net cash from / (used) in operating activities		2 312 120	(262 120)	2 050 000	-	-	-	-	-	2 050 000	(581 512)	-	(2 631 512)								
Net cash from / (used) in investing activities		(2 708 860)	-	(2 708 860)	-	-	-	-	-	(2 708 860)	(374 348)	-	1 834 512								
Net cash from / (used) in financing activities		-	-	-	-	-	-	-	-	-	(141 015)	-	(141 015)								
Net increase/(decrease) in cash and cash equivalents at year end		(396 740)	(262 120)	(658 860)	-	-	-	-	-	(658 860)	(1 596 874)	-	(938 014)								
Cash and cash equivalents at the beginning of the year		11 470 440	-	11 470 440	-	-	-	-	-	11 470 440	12 905 965	-	1 435 525								
Cash and cash equivalents at the end of the year		11 073 700	(262 120)	10 811 580	-	-	-	-	-	10 811 580	11 309 091	-	497 511								



## **ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

### **1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenditure have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

These accounting policies are consistent with the previous period.

#### **1.1 Presentation currency**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

#### **1.2 Going concern assumption**

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.

#### **1.3 Comparative information**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a Standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed.

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

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017.



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
Audited Annual Financial Statements for the year ended 30 June 2024

The municipality is continually busy during the year with a process to align items in the annual financial statements with the Item Segment of mSCOA. The result of this process results in reclassifications and naming of items in the annual financial statements.

#### **1.4 Amended Disclosure Policy**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include prior period error disclosure.

#### **1.5 Materiality**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances.

The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

#### **1.6 Presentation of budget information**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

The information is presented for budgets that are made publicly available.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

Where Budget information classification and disclosure does not conform with the classification within the GRAP financial statements, a reconciliation is provided to that effect to ensure comparability is maintained.

The comparable information includes the following:

- the approved and final budget amounts
- actual amounts and final budget amounts

Explanations for differences between the approved and final budget are included in the Notes to the annual Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

#### **1.7 Consistent and new accounting policies**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements will be adjusted in accordance with GRAP 3.



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**1.8 Standards, amendments to standards and interpretations issued but not yet effective.**

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	<p><b><u>Heritage assets</u></b></p> <p>There are proposed amendments to the classification of mixed-use assets, cultural significance and the fair value accounting.</p> <p>The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p>No impact is expected since the Municipality does not have any Heritage Assets.</p>	Unknown
GRAP 104	<p><b><u>Financial Instruments</u></b></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.</p>	1 April 2025
GRAP 1: Going concern	<p><b><u>Presentation of Financial statements: Going concern</u></b></p> <p>The objective of this Standard is to prescribe the basis for presentation of general-purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure.</p> <p>The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown



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REFERENCE	TOPIC	EFFECTIVE DATE
<b>Improvement to GRAP standards (2023)</b>	<p><b><u>Improvement to GRAP standards (2023)</u></b></p> <p>The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
<b>GRAP 105, GRAP 106 and GRAP 107 (amendments)</b>	<p><b><u>Transfer of Functions and Mergers</u></b></p> <p>The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p>	Unknown
<b>Guideline</b>	<p><b><u>Application of Materiality of Financial Statements</u></b></p> <p>The guideline is not authoritative but only encouraged.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	No effective date as only encouraged
<b>iGRAP 22</b>	<p><b><u>Foreign Currency Transactions and Advanced Consideration</u></b></p> <p>The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.</p> <p>Early adoption of the Interpretation is encouraged.</p> <p>No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.</p>	1 April 2025

## 1.9 Leases

### Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video



recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest method. Lease finance costs are expensed when incurred. The accounting policies relating to disclosure of finance liabilities and de-recognition of financial instruments are applied to lease payables. Contingent rents shall be charged as expenses in the periods in which they are incurred.

### **Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments (including indirect costs) to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to the disclosure of financial assets, derecognition, and impairment of financial instruments are applied to lease receivables.

### **1.10 Borrowing cost**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

### **1.11 Unspent conditional government grants and receipts**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. The revenue received is driven from legislation.

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

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

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



### **1.12 Unpaid conditional government grants and receipts**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on grant conditions being met. They represent unpaid government grants, subsidies and contributions from public.

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

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

### **1.13 Unspent public contributions**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

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

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

### **1.14 Provisions**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, 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 of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

### **1.15 Employee benefits**

#### **Pension and Retirement Fund Obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits





relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually using the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **Post-Retirement Medical Obligations**

The Municipality provided post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds.

Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the net defined benefit liability is actuarially determined in accordance with GRAP 25 - Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.



These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The net interest of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

### **Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of net interest in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

### **Ex-Gratia Pension Benefits**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised.

Payments made by the Municipality are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of net interest in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

### **Staff Leave**

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

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



In terms of the Collective Agreement for Local Government annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per employee.

Accumulated leave is vesting.

#### **Staff Bonuses**

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

#### **Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees.

The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

### **1.16 Property, Plant and Equipment**

#### **Initial Recognition**

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

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the Municipality.

Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred is recognised as part of the cost of the asset.



### **Subsequent Measurement - Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### **Depreciation and Impairment**

Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

<b>Classification</b>	<b>Years</b>
<b>Land and Buildings</b>	
Land	Indefinite
Buildings (Civic and Other)	100
<b>Other Assets</b>	
Machinery and equipment	9 - 41
Disaster Management equipment	10 - 28
Furniture and Office equipment	5 - 50
Computer Equipment	5 - 25
Transport assets (General Vehicles)	11 - 25
Transport assets (Fire Engines)	18 - 25
<b>Leased Assets</b>	
Furniture and office equipment	3 - 5

The depreciation charge is recognised in the Statement of Financial Performance.

Changes to the useful life of assets and residual value are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.



### **De-recognition**

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **Land and Buildings and Other Assets - Application of Deemed Cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined for Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. The Other Asset the depreciation cost method was used to establish the deemed cost as at 1 July 2007.

## **1.17 Intangible assets**

### **Initial Recognition**

An intangible asset is an identifiable asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding agreements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only 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 cost of the intangible asset includes the purchase price and any cost incurred to prepare the asset for its intended use.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- the municipality has the ability to use or sell the intangible asset;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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



### **Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately.

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

<b>Classification</b>	<b>Years</b>
<b><u>Intangible Assets</u></b>	
Computer Software	1 - 5

The amortisation charge is recognised in the Statement of Financial Performance.

Changes to the useful life and residual values of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

### **De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **Application of Deemed Cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as at 1 July 2007.

## **1.18 Impairment of non-financial asset**

### **Cash Generating Assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- a) External sources of information



- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset, to a non-cash generating asset or from a non-cash-generating asset, to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **Non-Cash-Generating Assets**

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





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The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually





determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an 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 an 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. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **1.19 Inventories**

### **Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

### **Subsequent Measurement**

Inventories, consisting of consumable stores, finished goods, materials and supplies and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the weighted average method.



## **1.20 Financial Instruments**

Financial instruments recognised per the Statement of Financial Position include receivables, cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilisation of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

### **Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### **Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

### **Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowances are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.



### **Payables and Annuity Loans**

Financial liabilities consist of trade and other payables and finance lease liabilities. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

### **Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts.

The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### **Non-Current Investments**

Investments which include investments in Municipal Entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

### **De-recognition**

#### **Financial Assets**

A Financial Asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the old asset is derecognised, and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.



When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### **Financial Liabilities**

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### **Offsetting of Financial Instruments**

Financial Assets and financial Liabilities are offset, and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **1.21 Statutory receivables**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

### **Initial Recognition and Measurement**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

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 is adjusted with:

- a) interest or other charges that may have accrued on the receivable;
- b) impairment losses; and
- c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the 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 Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks



specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

The municipality considers the following as 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

An impairment loss recognised in prior periods for a statutory receivable is reversed 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 by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

### **Derecognition**

The Municipality derecognises a statutory receivable when:

- a) the rights to the cash flows from the receivable are settled, expire or are waived;
- b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- c) 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 Municipality:
  - i. derecognises the receivable; and
  - ii recognises separately any rights and obligations created or retained in the transfer.

Any difference between consideration received and amounts derecognised/recognised is recognised in surplus and deficit.

## **1.22 Revenue**

### **Revenue from Non-Exchange Transactions**

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

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably.

Government grants and subsidies received, or receivable, are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability



is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Debt forgiven is recognised when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a 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 present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related 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.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

Revenue arising from legislation is recognised in accordance with the approved tariff.



### **Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

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

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

Revenue from the services rendered is recognised when:

- The amount of revenue can be measured reliably;
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality;
- The stage of completion at the reporting date can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services. The Municipality performs a function on behalf of the Provincial Administration: Western Cape for the proclaimed roads within its area.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively





constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### **1.23 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.

The following are regarded as related parties of the Municipality:

a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).
- The entity, or any member of a group of which it is part, provides management services to the reporting entity or to the controlling entity of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:





- a) are married or live together in a relationship similar to a marriage; or
- b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- a) all members of the governing body of the Municipality;
- b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- d) the senior management team of the Municipality, including the Chief Executive Officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties.

Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### **1.24 Unauthorised Expenditure**

Unauthorised Expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or Organ of State and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.25 Irregular expenditure**

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement



of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.26 Fruitless and wasteful expenditure**

Fruitless and Wasteful Expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.27 Contingent Liabilities and Contingent Assets**

A contingent liability is 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 entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities and assets.

#### **1.28 Significant accounting judgements and estimates**

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying 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.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements.

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### **Post-retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities**

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 13 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.



### **Impairment of Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness.

This was performed per service-identifiable categories across all classes of debtors.

### **Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation.

For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market.

Discussions with people within the specific industry were also held to determine useful lives.

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other Municipalities' asset registers, given that the other Municipality has the same geographical setting as the Municipality and that the other Municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### **Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other Municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

### **Provisions and Contingent Liabilities**

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.



### **Provision for Staff Leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date.

In terms of the Collective Agreement for Local Government annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per employee.

This provision will be realised as employees take leave or when employment is terminated.

### **Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

### **Revenue Recognition**

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

### **1.29 Taxes - Value Added Tax**

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

### **1.30 Capital commitments**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred subsequent to the specific reporting date.

Commitments are disclosed in the notes inclusive of VAT.

### **1.31 Events after reporting date**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types 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).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.



### **1.32 Segment Reporting**

A segment is an activity of an entity:

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

The restatement of segment information is only done if there was a change in the reportable structure of the municipality and information is readily available.

### **1.33 Consumer Deposits**

Consumer deposits are disclosed as a current liability. Consumer deposits are applicable to rental contracts. When the rental contract is terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.



2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2024

	Cost						Accumulated Depreciation and Impairment Losses				Carrying Value
	Opening Balance	Correction of Error	Opening Residual Value	Additions Residual Value	Closing Residual Value	Additions	Disposals	Closing Balance	Depreciation	Disposals	
<b>Other Assets</b>											
Land	1 211 650	-	-	-	-	-	-	1 211 650	-	-	1 211 650
Buildings	6 683 776	-	-	-	-	879 152	-	7 562 928	96 398	-	4 875 315
Machinery and Equipment	670 760	-	-	-	-	275 981	-	946 741	50 176	-	377 882
Furniture and Office Equipment	2 229 089	-	-	-	-	36 812	(2 269)	2 263 631	165 016	(1 325)	866 205
Transport Assets	2 743 654	-	130 000	105 000	235 000	528 579	-	3 507 233	226 799	-	1 248 314
Computer Equipment	1 759 643	-	-	-	-	215 459	-	1 975 102	177 598	-	1 228 551
<b>Leases</b>											
Furniture and Office Equipment	15 298 573	-	130 000	105 000	235 000	1 935 982	(2 269)	17 467 286	715 987	(1 325)	9 807 917
	413 988	-	-	-	-	-	(413 988)	-	59 275	(413 988)	-
	413 988	-	-	-	-	-	(413 988)	-	59 275	(413 988)	-
<b>Total</b>	<b>15 712 561</b>	<b>-</b>	<b>130 000</b>	<b>105 000</b>	<b>235 000</b>	<b>1 935 982</b>	<b>(416 257)</b>	<b>17 467 286</b>	<b>775 262</b>	<b>(415 313)</b>	<b>9 807 917</b>

2.2 30 JUNE 2023

	Cost						Accumulated Depreciation and Impairment Losses				Carrying Value
	Opening Balance	Correction of Error (OB)	Opening Residual Value	Disposals Residual Value	Closing Residual Value	Additions	Disposals	Closing Balance	Depreciation	Disposals	
<b>Other Assets</b>											
Land	1 207 650	4 000	-	-	-	-	-	1 211 650	-	-	1 211 650
Buildings	5 940 333	743 443	-	-	-	-	-	6 683 776	84 076	-	4 092 561
Machinery and Equipment	735 810	190	-	-	-	-	(65 240)	670 760	99 036	(65 834)	152 077
Furniture and Office Equipment	2 486 075	9 417	-	-	-	201 927	(468 331)	2 229 089	170 821	(455 526)	995 354
Transport Assets	4 846 610	-	240 000	(110 000)	130 000	-	(2 102 955)	2 873 654	374 867	(300 213)	841 535
Computer Equipment	1 385 892	27 205	-	-	-	768 722	(422 175)	1 759 643	137 255	(411 608)	1 190 691
<b>Leases</b>											
Furniture and Office Equipment	16 602 369	784 255	240 000	(110 000)	130 000	970 650	(3 058 701)	15 428 573	866 055	(1 233 181)	8 483 867
	413 988	-	-	-	-	-	-	413 988	88 470	-	59 275
	413 988	-	-	-	-	-	-	413 988	88 470	-	59 275
<b>Total</b>	<b>17 016 357</b>	<b>784 255</b>	<b>240 000</b>	<b>(110 000)</b>	<b>130 000</b>	<b>970 650</b>	<b>(3 058 701)</b>	<b>15 842 561</b>	<b>954 526</b>	<b>(1 233 181)</b>	<b>8 543 142</b>



**2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	2024 R	2023 R
<b>2.3 Property, Plant and Equipment which is in the process of being constructed or developed:</b>		
Other Assets		
Transport assets	-	-
Office equipment	-	25 421
<b>Total Property, Plant and Equipment under construction</b>	<b>-</b>	<b>25 421</b>

	2024 R	2023 R
--	-----------	-----------

The movements for the year can be reconciled as follows:

Balance at beginning of year	25 421	2 023 301
Expenditure during the year	-	-
Assets unbundled during the year	(25 421)	(1 997 880)
Impairment recognised during the year	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>25 421</b>

**2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:**

No property, plant and equipment is taking a significantly longer period of time to complete than was expected.

**2.5 Property, Plant and Equipment where construction or development has been halted:**

No Property, plant and equipment's construction has been halted either in the current or prior period.

	2024 R	2023 R
<b>2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Inventory Consumed	12 125	707
Contracted Services	115 151	102 575
Operational Costs	7 019	15 769
<b>Total Repairs and Maintenance</b>	<b>134 294</b>	<b>119 052</b>
	2024 R	2023 R

**2.7 Assets pledged as security:**

Leased Property, Plant and Equipment of R0 (2024) and R 240 644 (2023) were secured for leases as set out in Note 8.

**2.8 Effect of changes in accounting estimates**

The useful lives of certain plant and equipment were estimated in 2023/2024 to be a certain number of years as per the Fixed Asset Register.

In the current period management have revised their estimate. The effect of this revision has caused the depreciation charges for the current and future periods to be affected as follows:

	2024 R	2025 R	2026 R
<b>Effect on Property, plant and equipment</b>			
Computer Equipment	(4 619)	2 310	2 310
Furniture and office equipment	(6 695)	3 251	3 444
Machinery and Equipment	(20 574)	10 287	10 287
	<b>(31 888)</b>	<b>15 848</b>	<b>16 040</b>



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**2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	2024 R	2023 R
<b>2.9 Contractual commitments for acquisition of Property, Plant and Equipment:</b>		
Approved and contracted for:	2 378 876	633 579
Transport Assets	2 378 876	633 579
<b>Total</b>	2 378 876	633 579
	2024 R	2023 R
This expenditure will be financed from:		
Government Grants	2 378 876	633 579
<b>Total</b>	2 378 876	633 579

**2.10 General**

No service concession arrangements are applicable to the municipality.

There is no Land appointed in terms of legislation which CKDM controls without legal ownership or custodianship.

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

	2024 R	2023 R
<b>3. INTANGIBLE ASSETS</b>		
<b>3.1 Net Carrying amount at 1 July</b>	<b>62 218</b>	<b>47 259</b>
Cost	172 520	138 395
Accumulated Amortisation	(110 302)	(91 136)
Additions	-	34 125
Amortisation	(14 189)	(19 166)
Disposals	-	-
Amortisation written back on disposal	-	-
Impairment Loss/ Reversal of Impairment Loss	-	-
<b>Net Carrying amount at 30 June</b>	<b>48 029</b>	<b>62 218</b>
Cost	172 520	172 520
Accumulated Amortisation	(124 491)	(110 302)

**3.2 Intangible Assets which is in the process of being constructed or developed:**

There are no Intangible assets in the process of being constructed or developed.

**3.3 Intangible Assets that is taking a significantly longer period of time to complete than expected:**

There are no Intangible assets taking a significantly longer period of time to complete.

**3.4 Intangible Assets where construction or development has been halted:**

There are no Intangible assets where construction or development has been halted.

	2024 R	2023 R
<b>3.5 Material Intangible Assets included in the carrying value:</b>		
<u>Description</u>		
Microsoft software and other software	48 029	62 218





**3. INTANGIBLE ASSETS (CONTINUED)**

**3.6 Effect of changes in accounting estimates**

The useful lives of certain Intangible assets were estimated in 2023/2024 to be a certain number of years as per the Fixed asset register.

In the current period management have revised their estimate. The effect of this revision has caused the amortisation charges for the current and future periods to be affected as follows:

	2024 R	2025 R	2026 R
Computer Software and applications	(6 901)	2 592	4 309

**3.7 General**

No intangible asset were assessed as having an indefinite useful life.  
There are no internally generated intangible assets at reporting date.  
There are no intangible assets pledged as security for liabilities.  
There are no intangible assets whose title is restricted.  
There are no contractual commitments for the acquisition of intangible assets.  
No service concession arrangements are applicable to the municipality.  
There are no intangible assets pledged as security for liabilities.

	2024 R	2023 R
<b>4. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Employee Benefits - At amortised cost		
Department of Transport: Roads - Post Employment Health Care Benefits	5 752 000	5 296 000
Department of Transport: Roads - Long Service Awards	1 799 000	1 779 000
	<b>7 551 000</b>	<b>7 075 000</b>
<b>Less:</b> Current portion transferred to the Current Portion of Non-Current Receivables	<b>(570 701)</b>	<b>(531 100)</b>
Department of Transport: Roads - Post Employment Health Care Benefits	(391 477)	(366 100)
Department of Transport: Roads - Long Service Awards	(179 224)	(165 000)
	6 980 299	6 543 900
<b>Total Non-Current Receivables from Non-Exchange Transactions</b>	<b>6 980 299</b>	<b>6 543 900</b>

	2024 R	2023 R
<b>5. INVENTORY</b>		
Maintenance Materials - At cost	1 585 907	1 556 651
<b>Total Inventory</b>	<b>1 585 907</b>	<b>1 556 651</b>

	2024 R	2023 R
<b>5.1 Inventories recognise as an expense during the year:</b>		
Maintenance Materials - At cost	14 105 844	12 599 317
<b>Total</b>	<b>14 105 844</b>	<b>12 599 317</b>

	2024 R	2023 R
<b>5.2 Inventories write-down to Net Replacement Value (NRV):</b>		
Maintenance Materials - At cost	50 231	5 538
<b>Total</b>	<b>50 231</b>	<b>5 538</b>

No inventories were pledged as security for liabilities.



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	2024 R	2023 R
<b>6. RECEIVABLES</b>		
<b>6.1 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Department of transport and public works	4 734 596	4 301 432
Rental Debtors	7 878	3 543
	<u>4 742 474</u>	<u>4 304 975</u>
<b>Less:</b> Provision for Debt Impairment	-	-
<b>Total Receivables from exchange transactions</b>	<u><b>4 742 474</b></u>	<u><b>4 304 975</b></u>
	<b>2024 R</b>	<b>2023 R</b>
<b><u>Ageing of amounts past due but not impaired:</u></b>		
Current (0 - 30 days)	4 742 474	4 304 975
1 month past due	-	-
2+ months past due	-	-
	<u><b>4 742 474</b></u>	<u><b>4 304 975</b></u>

Debtors are payable within 30 days.

This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.

The fair value of receivables from exchange transactions approximate their carrying value.

	2024 R	2023 R
<b>6.2 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Other Receivables	594 081	1 110 493
	<u>594 081</u>	<u>1 110 493</u>
<b>Less:</b> Provision for Debt Impairment	-	-
<b>Total Receivables from non-exchange transactions</b>	<u><b>594 081</b></u>	<u><b>1 110 493</b></u>
Balance previously reported		1 138 375
Correction of error - note 30		(27 883)
		<u><b>1 110 493</b></u>
	<b>2024 R</b>	<b>2023 R</b>
<b><u>Ageing of amounts past due but not impaired:</u></b>		
Current (0 - 30 days)	228 134	527 305
1 month past due	10 144	1 063
2+ months past due	355 804	582 126
	<u><b>594 081</b></u>	<u><b>1 110 493</b></u>

Debtors are payable within 30 days.

This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.

The fair value of other receivables approximate their carrying value.



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		2024 R	2023 R
<b>7. CASH AND CASH EQUIVALENTS</b>			
<b>7.1 <u>Cash and Cash Equivalents</u></b>			
Current Accounts		1 484 757	1 807 530
Call Deposits and Investments		11 200 686	9 500 263
Cash On-hand		1 380	1 293
<b>Total Cash and Cash Equivalents - Assets</b>		<b>12 686 824</b>	<b>11 309 086</b>
Cash at banks earns interest at floating rates based on daily bank deposit rates.			
The Municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.			
The carrying value approximates the fair value of the asset.			
The Municipality did not make use of, nor has access to any overdraft facilities during the financial year.			
		2024 R	2023 R
The municipality has the following bank accounts:			
<b><u>Current Accounts</u></b>			
ABSA Bank Account Number 1540000014 (Cheque account):		133 889	1 447 183
First National Bank Account number 62062151429 (Cheque account):		270 016	197 655
Nedbank Account number 1178835510 (Cheque account):		1 080 852	162 692
		<b>1 484 757</b>	<b>1 807 530</b>
		2024 R	2023 R
<b><u>Call Deposits and Investments</u></b>			
Nedbank 03/7881114568		47 305	43 605
Nedbank 03/7881125551		2 647 543	2 437 785
Nedbank 03/7881121858		995 600	917 726
Nedbank 03/7881150777		1 802 882	1 661 864
Nedbank 03/7881151625		5 672 493	4 407 130
First Rand Bank Limited 62 835 272 361		34 864	32 153
		<b>11 200 686</b>	<b>9 500 263</b>
<b><u>Details of current accounts are as follow:</u></b>			
		2024 R	2023 R
<b><i>ABSA Bank Account Number 1540000014 (Cheque account):</i></b>			
Cash book balance at beginning of year		1 447 183	285 262
Cash book balance at end of year		133 889	1 447 183
Bank statement balance at beginning of year		1 447 183	285 262
Bank statement balance at end of year		133 889	1 447 183
		2024 R	2023 R
<b><i>First National Bank Account number 62062151429 (Cheque account):</i></b>			
Cash book balance at beginning of year		197 655	127 563
Cash book balance at end of year		270 016	197 655
Bank statement balance at beginning of year		197 655	127 563
Bank statement balance at end of year		270 016	197 655
		2024 R	2023 R
<b><i>Nedbank Account number 1178835510 (Cheque account):</i></b>			
Cash book balance at beginning of year		162 692	4 801 891
Cash book balance at end of year		1 080 852	162 692
Bank statement balance at beginning of year		159 276	4 798 475
Bank statement balance at end of year		1 077 437	159 276



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
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	2024 R	2023 R
<b>8. LONG-TERM BORROWINGS</b>		
Capitalised Lease Liability - At amortised cost	-	99 629
	-	<b>99 629</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	-	(99 629)
Capitalised Lease Liability - At amortised cost	-	(99 629)
	-	-
<b>Total Long-term Borrowings</b>	-	-

	2024 R	2023 R
<b>8.1</b>		
The obligations under finance leases are scheduled below:		
		<b>Minimum payments</b>
Amounts payable under finance leases:		
Payable within one year	-	102 262
Payable within two to five years	-	-
	-	102 262
<b>Less:</b> Future finance obligations	-	(2 633)
<b>Present value of finance lease obligations</b>	-	<b>99 629</b>

The capitalised lease liability consisted out of the following contracts until 28 February 2024:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Ricoh	Ricoh IMC3500 Colour Copier	7%	0%	3 Years	28/02/2024
Ricoh	Ricoh IMC3500 Colour Copier	7%	0%	3 Years	28/02/2024
Ricoh	Ricoh IMC3500 Colour Copier	7%	0%	3 Years	28/02/2024
Ricoh	Ricoh MP6503SP Copier	7%	0%	3 Years	28/02/2024

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases were secured during the year until disposal by property, plant and equipment - Note 2

	2024 R	2023 R
<b>9 NON-CURRENT EMPLOYEE BENEFITS</b>		
Provision for Post Retirement Health Care Benefits	10 886 000	10 894 000
Provision for Long Service Awards	2 395 000	2 279 000
<b>Total Non-current Employee Benefits</b>	<b>13 281 000</b>	<b>13 173 001</b>
	<b>2024 R</b>	<b>2023 R</b>
<b><u>Post Retirement Health Care Benefits</u></b>		
Balance 1 July	11 703 000	13 371 000
Contribution for the year	271 000	308 000
Interest cost	1 355 000	1 403 000
Expenditure (Benefits paid) for the year	(822 891)	(859 032)
Actuarial Loss/(Gain)	(825 109)	(2 519 968)
<b>Total provision 30 June</b>	<b>11 681 000</b>	<b>11 703 000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 11	(795 000)	(809 000)
<b>Balance 30 June</b>	<b>10 886 000</b>	<b>10 894 000</b>



**9 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)**

**Long Service Awards**

	2024 R	2023 R
Balance 1 July	2 655 000	2 350 000
Contribution for the year	247 000	239 000
Interest cost	284 000	240 000
Expenditure (Benefits paid) for the year	(365 187)	(129 738)
Actuarial Loss/(Gain)	(160 813)	(44 262)
<b>Total provision 30 June</b>	<b>2 660 000</b>	<b>2 655 000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 11	(265 000)	(376 000)
<b>Balance 30 June</b>	<b>2 395 000</b>	<b>2 279 000</b>
	<b>2024 R</b>	<b>2023 R</b>

**9.1 Provision for Post Retirement Health Care Benefits**

The valuation of the post retirement health care benefit considers all current employees, retirees and their dependants whose participation in the health care arrangements entitles them to a post-employment medical aid subsidy.

This post-employment health care benefit does not have a plan asset in place to meet the defined benefit obligation. It is thus not a funded arrangement.

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	30	34
In-service (employee) non-members	124	111
Continuation (retiree and surviving dependents) members	17	19
<b>Total Members</b>	<b>171</b>	<b>164</b>

Eligible employees will receive a post-employment subsidy of 70% of the contributions payable should they be a member of a medical scheme and have at least ten years of service at retirement.

Continuation members and their eligible dependants will receive a 70% subsidy.

All post-employment subsidies are subject to a maximum subsidy. The maximum subsidy was assumed to be R 5,541 per principal member per month for the year ending 30 June 2025, and has been assumed to increase annually on 1 July at 75% of salary inflation.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

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

Bonitas  
LA Health  
SAMWU Medical Aid

	2024 R	2023 R
The defined benefit obligation was estimated to be as follows:		
In-service (employee) members	3 206 000	2 728 000
In-service (employee) non-members	1 076 000	972 000
Continuation (retiree and surviving dependents) members	7 399 000	8 003 000
<b>Total Liability</b>	<b>11 681 000</b>	<b>11 703 000</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2022 R	2021 R	2020 R
<b>Total Liability</b>	<b>13 371 000</b>	<b>13 020 000</b>	<b>12 772 000</b>

The Projected Unit Credit Method has been used to value the defined benefit obligation.



**9 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)**

**Key Assumptions**

**(i) Key Financial Assumptions**

**Rate of interest**

Discount rate  
CPI (Consumer Price inflation)  
Medical aid contribution inflation rate  
Net discount rate (medical aid contributions)

**2024**  
%

**2023**  
%

11.78%  
5.83%  
7.33%  
4.15%

11.98%  
6.24%  
7.74%  
3.94%

Grap 25 defines the determination of the Discount rate assumption to be used as follow:

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

Consequently, a discount rate of 11.78% per annum has been used. The corresponding index-linked yield at this term is 5.15%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 26 June 2024.

**(ii) Demographic Assumptions**

**Mortality during employment**

Mortality before retirement has been based on the SA 85-90 mortality tables, adjusted for female lives.

**Post-Employment Mortality**

PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010.

**Termination of Service**

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined Benefit Obligation in respect of that employee ceases.

**Average retirement age**

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

**Continuation of Membership**

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

**Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement**

It has been assumed that 15% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.

**Family Profile**

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

**iii) Plan Asset**

There are no long-term assets set aside off balance-sheet in respect of the Municipality's post-employment health care DBO.



**9 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)**

	2024 R	2023 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	11 703 000	13 371 000
Total expenses	803 109	851 968
Current service cost	271 000	308 000
Interest Cost	1 355 000	1 403 000
Benefits Paid	(822 891)	(859 032)
Actuarial (gains)/losses	(825 109)	(2 519 968)
Demographic assumptions	-	-
Financial assumptions	(241 000)	(1 568 000)
Experience adjustments	(584 109)	(951 968)
Present value of fund obligation at the end of the year	<b>11 681 000</b>	<b>11 703 000</b>
Transfer to current portion - Note 11	(795 000)	(809 000)
Total Non-current portion of fund obligation	<b>10 886 000</b>	<b>10 894 000</b>

**Sensitivity Analysis on the Accrued Liability on 30 June 2024**

	Eligible Employees (Rm)	Continuation members (Rm)	Total liability (Rm)
<b>Assumption</b>			
Central Assumptions	<b>4.282</b>	<b>7.399</b>	<b>11.681</b>

The effect of movements in the **assumptions** are as follows:

	Change	Eligible Employees Rm	Continuation members Rm	Total liability Rm	% Change
<b>Assumption</b>					
Medical aid contribution inflation rate	+1%	4.716	7.826	12.542	7%
Medical aid contribution inflation rate	-1%	3.787	6.936	10.723	-8%
Discount rate	+1%	3.690	6.882	10.572	-9%
Discount rate	-1%	5.020	7.993	13.013	11%
Post-employment mortality	+1 year	4.188	7.169	11.357	-3%
Post-employment mortality	-1 year	4.372	7.628	12.000	3%
Average retirement age	-1 year	4.646	7.399	12.045	3%
Membership continuation	-10%	3.734	7.399	11.133	-5%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2025**

	Current Service Cost R	Interest Cost R	Total R
<b>Assumption</b>			
Central Assumptions	<b>283 000</b>	<b>1 330 000</b>	<b>1 613 000</b>

The effect of movements in the **assumptions** are as follows:

	Change	Current Service Cost R	Interest Cost R	Total Cost R	% Change
<b>Assumption</b>					
Medical aid contribution inflation rate	+1%	315 000	1 432 000	1 747 000	8%
Medical aid contribution inflation rate	-1%	245 000	1 218 000	1 463 000	-9%
Discount rate	+1%	239 000	1 302 000	1 541 000	-4%
Discount rate	-1%	341 000	1 361 000	1 702 000	6%
Post-employment mortality	+1 year	277 000	1 292 000	1 569 000	-3%
Post-employment mortality	-1 year	289 000	1 368 000	1 657 000	3%
Average retirement age	-1 year	287 000	1 373 000	1 660 000	3%
Membership continuation	-10%	247 000	1 266 000	1 513 000	-6%

	2024 Rm	2023 Rm
<b>Experience adjustments</b> were calculated as follows:		
DBO: (gain) / loss	(0.584)	(0.952)
Plan assets: gain / (loss)	-	-



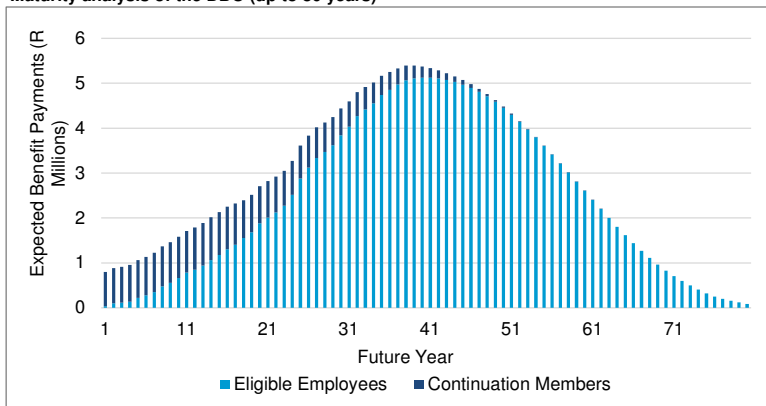
**9 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)**

**Maturity Analysis**

The following figure shows the DBO's maturity analysis (undiscounted expected benefit payments) for the next 80 years. The benefit payments that are expected to occur thereafter are relatively insignificant and thus add little information to the graph.

Current continuation members' expected benefit payments are shown in a darker colour. The post-employment expected benefit payments of eligible employees currently in active service is displayed in a lighter shade.

**Maturity analysis of the DBO (up to 80 years)**



Year	Future year	Expected benefits vesting R (m)
2025	1	0.795
2026	2	0.881
2027	3	0.913
2028	4	0.953
2029	5	1.058
2030 - 2034	6-10	6.767
2035 - 2039	11-15	9.528
2040 - 2044	16-20	12.193
2045 - 2049	21-25	15.669
2050 - 2054	26-30	20.664
2055 - 2064	31-40	51.230
2065 - 2074	41-50	49.791
2075 - 2084	51-60	34.938
2085 - 2094	61-70	15.633
2095 - 2104	71-80	3.337

**9.2 Provision for Long Service Awards**

This valuation considers all employees eligible for long service awards (LSA).

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

**Employees eligible for Long service awards:**

Roads  
Non-Roads

**Total Eligible employees**

	2024 R	2023 R
Roads	108	107
Non-Roads	46	38
<b>Total Eligible employees</b>	<b>154</b>	<b>145</b>

The unfunded liability in respect of past service has been estimated as follows:

Present value of fund obligations

	2 660 000	2 665 000
--	-----------	-----------

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2022 R	2021 R	2020 R
<b>Total Liability</b>	<b>2 350 000</b>	<b>2 556 000</b>	<b>2 653 000</b>

The Projected Unit Credit Method has been used to value the defined benefit obligation.





**9 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)**

**Key Assumptions**

**(i) Key Financial assumptions**

**Rate of interest**

Discount rate
CPI Inflation rate
General earnings Inflation rate (long-term)
Net discount rate

**2024**  
%

**2023**  
%

11.10%	11.49%
5.24%	5.80%
6.24%	6.80%
4.58%	4.39%

Grp 25 defines the determination of the Discount rate assumption to be used as follow:

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

Consequently, a discount rate of 11.10% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 5.10%. These rates do not reflect any adjustment for taxation, and were deducted from the interest rate data obtained from the JSE after the market close on 26 June 2024. The duration of the total liability was estimated to be 9 years.

**ii) Demographic Assumptions**

**Promotional Earnings Scale**

The annual escalation rates below are in addition to the general earnings inflation assumption of 6.24% per annum for all employees.

**Average retirement age**

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

**Termination of Service**

If an eligible employee leaves due to resignation or retrenchment, the employer's Defined Benefit Obligation in respect of that employee ceases.

**Mortality during Employment**

Mortality before retirement has been based on the SA 85-90 ultimate table, adjusted for female lives. These are the most commonly used tables in the industry.

**iii) Plan Asset**

Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the LSA DBO.

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year  
Total expenses

Current service cost  
Interest Cost  
Benefits Paid

Actuarial (gains)/losses

Demographic assumptions  
Financial assumptions  
Experience adjustments

Present value of fund obligation at the end of the year

Transfer to current portion - Note 11

Total Non-current portion of fund obligation

**2024**  
**R**

**2023**  
**R**

2 655 000	2 350 000
165 813	349 262
247 000	239 000
284 000	240 000
(365 187)	(129 738)
(160 813)	(44 262)
-	-
(24 000)	(172 000)
(136 813)	127 738
<b>2 660 000</b>	<b>2 655 000</b>
(265 000)	(376 000)
<b>2 395 000</b>	<b>2 279 000</b>



**9 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)**

**Sensitivity Analysis on the Accrued Liability on 30 June 2024**

<b>Assumption</b>	<b>Total liability (Rm)</b>
Central Assumptions	<b>2,660,000</b>

<b>Assumption</b>	<b>Change</b>	<b>Liability (Rm)</b>	<b>% Change</b>
General earnings inflation rate	+1%	2,810,000	6%
General earnings inflation rate	-1%	2,523,000	-5%
Discount rate	+1%	2,521,000	-5%
Discount rate	-1%	2,814,000	6%
Average retirement age	+2 yrs	3,083,000	16%
Average retirement age	-2 yrs	2,412,000	-9%
Rates of termination of service	x2	2,195,000	-17%
Rates of termination of service	x0.5	2,981,000	12%

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2025**

<b>Assumption</b>	<b>Current Service Cost R</b>	<b>Interest Cost R</b>	<b>Total R</b>
Central Assumptions	<b>264 000</b>	<b>281 000</b>	<b>545 000</b>

The effect of movements in the assumptions are as follows:

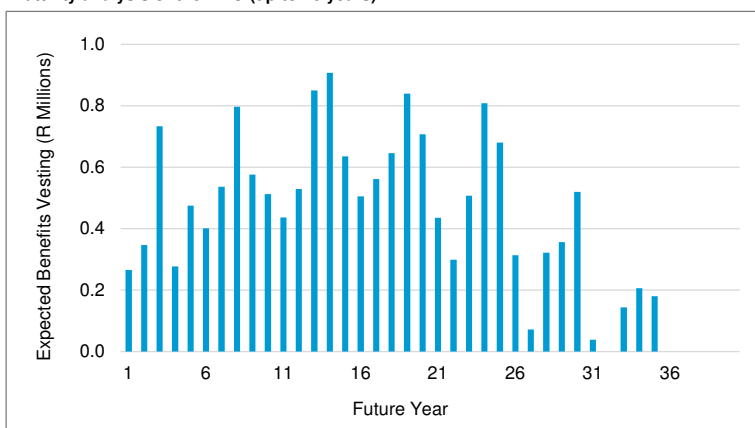
<b>Assumption</b>	<b>Change</b>	<b>Current Service Cost R</b>	<b>Interest Cost R</b>	<b>Total R</b>	<b>% change</b>
General earnings inflation rate	+1%	285 000	298 000	583 000	7%
General earnings inflation rate	-1%	245 000	266 000	511 000	-6%
Discount rate	+1%	247 000	290 000	537 000	-1%
Discount rate	-1%	282 000	271 000	553 000	1%
Average retirement age	+2 years	291 000	327 000	618 000	13%
Average retirement age	-2 years	245 000	254 000	499 000	-8%
Rates of termination of service	x2	192 000	230 000	422 000	-23%
Rates of termination of service	x0.5	318 000	317 000	635 000	17%

<b>Experience adjustments</b> were calculated as follows:	<b>2024 Rm</b>	<b>2023 Rm</b>
DBO: (gain) / loss	(136 813)	127 738
Plan asset: gain / (loss)	-	-

**Maturity Analysis**

The following figure shows the DBO's maturity analysis (undiscounted expected benefits vesting) for the next 40 years. The expected benefits vesting thereafter are relatively insignificant and thus add little information to the graph.

**Maturity analysis of the DBO (up to 40 years)**



**9 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)**

**Maturity analysis of the DBO (up to 40 years, R millions)**

Year	Future year	Expected benefits vesting R (m)
2025	1	0.265
2026	2	0.346
2027	3	0.733
2028	4	0.277
2029	5	0.474
2030 - 2034	6-10	2.821
2035 - 2039	11-15	3.357
2040 - 2044	16-20	3.257
2045 - 2054	21-30	4.311
2050 - 2064	31-40	0.571

	2024 R	2023 R
<b>9.3 Retirement funds</b>		
Although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.		
	2024 R	2023 R
<b>10. CONSUMER DEPOSITS</b>		
Rental Properties	-	1 500
<b>Total Consumer Deposits</b>	<u>-</u>	<u>1 500</u>
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts. All consumer deposits have been returned at year end.		
	2024 R	2023 R
<b>11. CURRENT EMPLOYEE BENEFITS</b>		
Performance Bonuses	245 777	344 281
Staff Bonuses	1 456 962	1 371 759
Staff Leave	3 203 424	2 351 365
Current Portion of Non-Current Provisions	1 060 000	1 185 000
Current Portion of Post Retirement Benefits - Note 9	795 000	809 000
Current Portion of Long-Service Provisions - Note 9	265 000	376 000
<b>Total Provisions</b>	<u>5 966 163</u>	<u>5 252 405</u>
Balance previously reported		5 229 592
Correction of error - note 30		22 814
		<u>5 252 405</u>
<b>The movement in current provisions are reconciled as follows:</b>		
	2024 R	2023 R
<b>11.1 Performance Bonuses</b>		
Balance at beginning of year	344 281	473 108
Contribution to current portion	7 816	182 855
Expenditure incurred	(106 319)	(311 682)
Balance at end of year	<u>245 777</u>	<u>344 281</u>
Balance previously reported		321 467
Correction of error - note 30		22 814
		<u>344 281</u>
Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		



**11. CURRENT EMPLOYEE BENEFITS (CONTINUED)**

	2024 R	2023 R
<b>11.2 <u>Staff Bonuses</u></b>		
Balance at beginning of year	1 371 760	1 267 138
Contribution to current portion	2 992 445	2 894 051
Expenditure incurred	(2 907 242)	(2 789 429)
Balance at end of year	<u><u>1 456 963</u></u>	<u><u>1 371 760</u></u>

Bonuses are being paid to all permanent municipal staff, excluding the bonus payable to section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.

	2024 R	2023 R
<b>11.3 <u>Staff Leave</u></b>		
Balance at beginning of year	2 351 365	2 300 361
Contribution to current portion	1 721 168	458 552
Expenditure incurred	(869 110)	(407 548)
Balance at end of year	<u><u>3 203 424</u></u>	<u><u>2 351 365</u></u>

Staff leave is accrued to employees according to the collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

	2024 R	2023 R
<b>12. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	1 620 496	1 126 052
Debtors with credit balances	4 121	2 152
Sundry Creditors	211 183	1 300
<b>Total Trade Payables</b>	<u><u>1 835 800</u></u>	<u><u>1 129 504</u></u>
Balance previously reported		1 594 871
Correction of error - note 30		(465 367)
		<u><u>1 129 504</u></u>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA where possible. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

	2024 R	2023 R
<b>13. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	5 385 027	3 504 832
National Government Grants	150 943	1 031 049
Provincial Government Grants	4 781 192	1 970 975
District Municipality	-	-
Other Sources	452 892	502 808
<b>Less:</b> Unpaid Transfers and Subsidies	(17 185)	-
National Government Grants	-	-
Other Sources	(17 185)	-
<b>Total Unspent Transfers and Subsidies</b>	<u><u>5 367 842</u></u>	<u><u>3 504 832</u></u>

See appendix "B" for reconciliation of grants from other spheres of government.

All the unspent conditional grants are cash backed.  
The Municipality is currently busy with the Roll-over application process.



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
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	2024 R	2023 R
<b>14. VAT RECEIVABLE</b>		
VAT Control	93 851	282 136
VAT Accrual	494 619	1 137 444
<b>Net VAT (Payable)/Receivable</b>	<b>588 470</b>	<b>1 419 580</b>
Balance previously reported		1 419 368
Correction of error - note 30		212
		<b>1 419 580</b>

Value added tax (VAT) is accounted for on the payment basis.  
VAT Control and VAT Accrual is now presented separately in the note.

	2024 R	2023 R
<b>15. PROVISIONS</b>		
Litigation Provisions	1 007 462	323 930
	<b>1 007 462</b>	<b>323 930</b>
Balance previously reported		-
Correction of error - note 30		323 930
		<b>323 930</b>

A letter was sent without prejudice to the Office of the State Attorney requesting that the Department consider writing off the debt owed by the Municipality relating to case 222/19, 550/19 and 577/21. Case 577/21 is still presently a contingent liability and a provision has not yet been provided for. Till date, no response on the matter has been received by the Municipality.

	2024 R	2023 R
<b>16. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Government Grants and Subsidies - Operating</b>	<b>44 693 871</b>	<b>42 993 976</b>
Equitable Share	37 712 000	36 456 000
Expanded Public Works Programme Integrated Grant	2 314 000	1 321 000
Local Government Financial Management Grant	839 166	999 954
Municipal Service Delivers and Capacity Building Grant	7 741	-
Western Cape Financial Management Capability Building Grant	170 594	-
Western Cape Financial Management Capacity Building Grant	87 073	106 766
Rural Asset Management Grant (RAMS)	1 498 624	1 023 998
The Chemical industries Education and Training Authority	591 096	888 628
Western Cape Municipal Intervention Grant	100 000	-
Safety initiative implementation - Whole of Society Approach (WOSA)	507 219	-
Municipal Drought Relief Grant	-	960 269
Local Government Internship Grant	75 010	24 990
Joint District and Metro Approach Grant	499 123	6 753
Local Government Sector and Training Authority (LGLDP - 20216264)	-	1 205 617
Local Government Sector and Training Authority (LGLDP - 202331655 & 20233368)	188 770	-
Local Government Sector and Training Authority (LGLDP - 20239677)	103 455	-
<b>Government Grants and Subsidies - Capital</b>	<b>891 694</b>	<b>-</b>
Local Government Emergency Load-shedding Relief Grant	317 378	-
Rural Asset Management Grant (RAMS)	535 949	-
Local Government Financial Management Grant	38 367	-
<b>Total Government Grants and Subsidies</b>	<b>45 585 564</b>	<b>42 993 976</b>

	2024 R	2023 R
Included in above are the following grants and subsidies received:		
<b>Unconditional</b>	37 712 000	36 456 000
Unconditional grants	37 712 000	36 456 000
<b>Conditional</b>	7 873 564	6 537 976
Conditional grants	7 873 564	6 537 976
<b>Total Government Grants and Subsidies</b>	<b>45 585 565</b>	<b>42 993 976</b>



**16. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	2024 R	2023 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	37 712 000	36 456 000
Executive and Council	4 435 646	2 344 998
Corporate services	1 946 497	2 119 236
Finance	1 491 421	2 073 743
<b>Total Government Grants and Subsidies</b>	<b>45 585 564</b>	<b>42 993 976</b>

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

Please see individualised details of each of the Municipality's grants for the year:

	2024 R	2023 R
<b>16.1 <u>Equitable Share</u></b>		
Opening balance	-	-
Grants received	37 712 000	36 456 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(37 712 000)	(36 456 000)
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	-	-

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.

	2024 R	2023 R
<b>16.2 <u>Local Government Financial Management Grant (FMG)</u></b>		
Opening balance	46	141 237
Grants received	1 000 000	1 000 000
Repaid to National Revenue Fund	-	(141 237)
Conditions met - Operating	(787 311)	(939 092)
Conditions met - Capital	(38 367)	-
Conditions met - Own revenue	(51 855)	(60 862)
Conditions still to be met	<b>122 513</b>	<b>46</b>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

	2024 R	2023 R
<b>16.3 <u>Expanded public works programme integrated grant for municipalities (EPWP)</u></b>		
Opening balance	-	-
Grants received	2 314 000	1 321 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(2 312 738)	(1 321 000)
Conditions met - Capital	-	-
Conditions met - Own revenue	(1 262)	-
Conditions still to be met	-	-

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure); other economic and social infrastructure tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; community safety programmes.



**16. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.4 <u>Rural Asset Management Grant (RAMS)</u></b>		
Opening balance	1 031 002	1 130 984
Grants received	2 063 000	2 055 000
Repaid to National Revenue Fund	(1 031 000)	(1 130 984)
Conditions met - Operating	(1 316 426)	(933 438)
Conditions met - Capital	(535 949)	-
Conditions met - Own revenue	(182 199)	(90 559)
Conditions still to be met	<b>28 430</b>	<b>1 031 002</b>

To assist district municipalities to set up rural RAMS, and collect road, bridges and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.5 <u>Western Cape Financial Management Capacity Building Grant</u></b>		
Opening balance	143 234	395 715
Grants received	-	-
Repaid to National Revenue Fund	(56 161)	(145 715)
Conditions met - Operating	(87 073)	(106 766)
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<b>-</b>	<b>143 234</b>

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

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.6 <u>Safety initiative implementation - Whole of Society Approach (WOSA)</u></b>		
Opening balance	-	344 136
Grants received	540 000	-
Repaid to National Revenue Fund	-	(344 136)
Conditions met - Operating	(507 219)	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<b>32 781</b>	<b>-</b>

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

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.7 <u>Municipal Drought Relief Grant</u></b>		
Opening balance	-	1 350 000
Grants received	-	-
Repaid to National Revenue Fund	-	(389 731)
Conditions met - Operating	-	(960 269)
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<b>-</b>	<b>-</b>

To provide financial assistance to municipalities to augment water supply, bulk infrastructure capacity and demand reduction across the Province.



**16. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.8 <u>Western Cape Financial Management Support Grant</u></b>		
Opening balance	9 485	9 485
Grants received	-	-
Repaid to National Revenue Fund	(9 485)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>-</u>	<u>9 485</u>

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

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.9 <u>Western Cape Financial Management Capability Building Grant</u></b>		
Opening balance	200 000	-
Grants received	-	200 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(170 594)	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>29 406</u>	<u>200 000</u>

The grant is a merger of the Western Cape Financial Management Support Grant and the Western Cape Financial Management Capacity Building grant. The purpose of the grant is to support municipalities to improve their financial management capabilities.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.10 <u>Local Government Public Employment Support Grant</u></b>		
Opening balance	200 000	200 000
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>200 000</u>	<u>200 000</u>

To coordinate and ensure the implementation of targeted, short term public employment programmes for communities identified as being in distress, through conditional transfers to local and district municipalities and the Metro in the Western Cape.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.11 <u>Joint District and Metro Approach Grant</u></b>		
Opening balance	993 247	1 800 000
Grants received	-	1 000 000
Repaid to National Revenue Fund	-	(1 800 000)
Conditions met - Operating	(499 123)	(5 873)
Conditions met - Capital	-	-
Conditions met - Own revenue	-	(881)
Conditions still to be met	<u>494 124</u>	<u>993 247</u>

To provide financial assistance to district municipalities to implement catalytic projects to improve infrastructure, systems, structures and service delivery.





**16. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.12 <u>Local Government Emergency Load-shedding Relief Grant</u></b>		
Opening balance	350 000	-
Grants received	-	350 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(275 981)	-
Conditions met - Own revenue	(41 397)	-
	<b>32 622</b>	<b>350 000</b>

The purpose of this grant is to provide a financial contribution to municipalities towards the purchase and installation of back-up energy supply as an immediate response to the prolonged load-shedding, thereby mitigating the impact on the provision of basic services and potential health risks.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.13 <u>Fire Service Capacity Building Grant</u></b>		
Opening balance	-	-
Grants received	500 000	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
	<b>500 000</b>	<b>-</b>

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

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.14 <u>Local Government Internship Grant</u></b>		
Opening balance	75 010	11 673
Grants received	-	100 000
Repaid to National Revenue Fund	-	(11 673)
Conditions met - Operating	(75 010)	(24 990)
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
	<b>-</b>	<b>75 010</b>

To provide financial assistance to municipalities in support of capacity building for the future by means of internship programme.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.15 <u>The Chemical industries Education and Training Authority</u></b>		
Opening balance	216 304	(209 968)
Grants received	595 900	1 314 900
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(576 135)	(846 461)
Conditions met - Capital	-	-
Conditions met - Own revenue	(14 960)	(42 167)
	<b>221 108</b>	<b>216 304</b>

The Primary Objectives of the project shall be the collaboration between the LGSETA and the recipient in the implementation of the NSDS III by improving the effectiveness and efficiency and the skills development through provision of bursaries.



**16. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.16 <u>Local Government Sector and Training Authority</u></b>		
Opening balance	201 784	201 784
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>201 784</u>	<u>201 784</u>

The objective of the project is to identify and train candidates to obtain Chemical Operations skills (Chemical Operations Level 2 and 3 Learner-ships) to meet the requirements initiatives.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.17 <u>Local Government Sector and Training Authority (LGLDP - 20216264)</u></b>		
Opening balance	-	-
Grants received	-	1 205 617
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(1 205 617)
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

The purpose of this grant is to provide bursaries to employed learners for Diploma in Public Accountability for possible registration, tuition, books, residence/accommodation and general administration fees.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.18 <u>Local Government Sector and Training Authority (LGLDP - 202331655 &amp; 20233368)</u></b>		
Opening balance	38 160	-
Grants received	145 800	38 160
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(164 148)	-
Conditions met - Capital	-	-
Conditions met - Own revenue	(24 622)	-
Conditions still to be met	<u>(4 810)</u>	<u>38 160</u>

The purpose of this grant is to provide bursaries to employed learners for training in Construction Plant Operations.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>16.19 <u>Local Government Sector and Training Authority (LGLDP - 20239677)</u></b>		
Opening balance	16 560	-
Grants received	74 520	16 560
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(90 880)	-
Conditions met - Capital	-	-
Conditions met - Own revenue	(12 575)	-
Conditions still to be met	<u>(12 375)</u>	<u>16 560</u>

The purpose of this grant is to provide bursaries to employed learners for training in Supply Chain Management.



**16. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	2024 R	2023 R
<b>16.20 <u>Nedbank Winter Outreach Programme</u></b>		
Opening balance	30 000	-
Grants received	-	30 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>30 000</u>	<u>30 000</u>

These funds are to be used for providing uniforms to school children within the district.

	2024 R	2023 R
<b>16.21 <u>Municipal Water Resilience Grant</u></b>		
Opening balance	-	-
Grants received	2 400 000	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>2 400 000</u>	<u>-</u>

To provide financial assistance to municipalities to augment water supply, bulk infrastructure capacity and demand reduction across the Province.

A capital commitment is in place for the spending of this grant due to the order of an 18 000 liter water tanker truck by Isuzu Motors South Africa.

	2024 R	2023 R
<b>16.22 <u>Western Cape Municipal Intervention Grant</u></b>		
Opening balance	-	-
Grants received	800 000	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(100 000)	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>700 000</u>	<u>-</u>

The purpose of this grant is to fund the Municipal Graduate Internship Programme that is aimed at employing HR graduates. This is envisaged to provide institutional capacity within municipalities, to provide practical experience to graduates in local government, and to influence young people to consider local government sector for their career development.

	2024 R	2023 R
<b>16.23 <u>Municipal Service Delivery and Capacity Building Grant</u></b>		
Opening balance	-	-
Grants received	400 000	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(7 741)	-
Conditions met - Capital	-	-
Conditions met - Own revenue	-	-
Conditions still to be met	<u>392 259</u>	<u>-</u>

To strengthen and improve municipal service delivery and capacity building to enable municipalities to manage their own affairs, to exercise their own powers and to perform their functions as prescribed by local government legislation. This grant relates to the funding of the Disaster Management Internship Programme.



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**16. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	2024 R	2023 R
<b>16.24 Total Grants</b>		
Opening balance	3 504 832	5 375 045
Grants received	48 545 220	45 087 237
Repaid to National Revenue Fund	(1 096 646)	(3 963 475)
Conditions met - Operating	(44 406 397)	(42 799 507)
Conditions met - Capital	(850 296)	-
Conditions met - Own revenue	(328 871)	(194 469)
<b>Conditions still to be met/(Grant expenditure to be recovered)</b>	<b>5 367 842</b>	<b>3 504 832</b>
	<b>2024 R</b>	<b>2023 R</b>
<b>Disclosed as follows:</b>		
Unspent Conditional Government Grants and Receipts	5 385 027	3 504 832
Unpaid Conditional Government Grants and Receipts	(17 185)	-
<b>Total</b>	<b>5 367 842</b>	<b>3 504 832</b>

Refer to Appendix B for the detailed disclosure of Grants and Subsidies.

	2024 R	2023 R
<b>17. LICENCES AND PERMITS</b>		
Health Certificates	55 263	47 241
<b>Total Licences and Permits</b>	<b>55 263</b>	<b>47 241</b>

Disclosed as follows:

Revenue from Exchange Transactions	55 263	47 241
<b>Total Licences and Permits</b>	<b>55 263</b>	<b>47 241</b>

	2024 R	2023 R
<b>18. RENTAL FROM FIXED ASSETS</b>		
Property, Plant and Equipment	65 859	96 190
<b>Total Rental from Fixed Assets</b>	<b>65 859</b>	<b>96 190</b>

	2024 R	2023 R
<b>19. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	914 594	754 692
Call investment deposits	790 350	543 555
<b>Total Interest Earned - External Investments</b>	<b>1 704 944</b>	<b>1 298 247</b>

	2024 R	2023 R
<b>20. OPERATIONAL REVENUE</b>		
Commission	41 367	44 866
Discounts and Early Settlements	3 120	-
Insurance Refund	984 866	-
LGSETA Admin Fee	105 501	102 675
Photocopies, telephone, sale of tenders and other	69 169	46 032
Bad debts recovered	-	3 000
<b>Total Operational Revenue</b>	<b>1 204 022</b>	<b>196 573</b>

Disclosed as follows:

Revenue from Exchange Transactions	1 204 022	196 573
<b>Total Operational Revenue</b>	<b>1 204 022</b>	<b>196 573</b>



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	2024 R	2023 R
<b>21. STRAIGHT SERVICE CHARGE</b>		
Department of Transport and Public Works: Straight Service Charge	6 001 042	5 492 609
<b>Total Straight Service Charges</b>	<b>6 001 042</b>	<b>5 492 609</b>
<p>The Municipality has a service level agreement with the Department of Transport Western Cape for rendering of services regarding the roads function within the jurisdiction of the Central Karoo District Municipality. The commission is calculated at a pre-determined rate on the total received from the Department of Transport and Public Works. The amount received for the current financial year amounted to:</p>		
Department of Transport - Roads Service Charges	65 781 515	60 528 654
<b>Total Department of Transport and Public works for the year</b>	<b>65 781 515</b>	<b>60 528 654</b>
<p>Grap 109 is not applicable as the relationship between the Municipality and the Department of Public Works and Transport of the Western Cape, does not meet the principal agent criteria as determined by the standard.</p>		
<p>To align to the accounting treatment for the funding received from the Department of Transport and Public Works with regards to the road maintenance, the prior year naming convention for this funding source was changed from agency services to Straight service charge. Both the prior year and current year naming convention is therefore consistent. This allows the users of the Annual Financial Statements to have a clear understanding of the substance of this funding.</p>		
Contributed asset - Fence surrounding Erf 290 Murraysburg	879 152	-
<b>Total Contributed assets</b>	<b>879 152</b>	<b>-</b>
<p>A fence was constructed around the depot in Murraysburg belonging to the Municipality. This was paid for by the Department of Transport and Public Works, included in the total allocation above and as such represents a contributed asset.</p>		

	2024 R	2023 R
<b>22. EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	47 930 149	42 961 220
Pension, UIF and Medical Aid contributions	9 709 732	10 446 257
Overtime	2 839 081	1 970 777
Bonuses	3 000 261	3 076 906
Housing Allowances	361 885	317 183
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	2 070 570	2 983 338
Long service awards	84 000	83 000
Leave provision	1 721 168	458 552
Current service cost	112 000	126 000
<b>Total Employee Related Costs</b>	<b>67 828 847</b>	<b>62 423 233</b>
Balance previously reported		62 400 419
Correction of error - note 30		22 814
		<b>62 423 233</b>

**KEY MANAGEMENT PERSONNEL**

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

	2024 R	2023 R
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager (Acting) - Mr M Nhlengethwa</i>		
Basic Salary	-	245 488
Contributions to UIF, Medical and Pension Funds	-	708
Performance Bonus	-	-
Motor Vehicle Allowance	-	20 576
Cell Phone Allowance	-	8 856
Housing Allowances	-	-
Other benefits and allowances	-	19 153
Payments in lieu of leave	-	5 074
<b>Total</b>	<b>-</b>	<b>299 856</b>

Mr Nhlengethwa commenced with his duties on 4 April 2023 and terminated them on 30 June 2023.



**22. EMPLOYEE RELATED COSTS (CONTINUED)**

***Remuneration of the Municipal Manager (Acting) - Mr HT Prince***

	2024 R	2023 R
Basic Salary	-	174 370
Contributions to UIF, Medical and Pension Funds	-	388
Performance Bonus	-	-
Motor Vehicle Allowance	-	-
Cell Phone Allowance	-	6 000
Housing Allowances	-	-
Other benefits and allowances	-	12 206
Payments in lieu of leave	-	-
<b>Total</b>	<b>-</b>	<b>192 964</b>

Mr Prince commenced with his duties on 2 February 2023 and terminated them on 31 March 2023.

***Remuneration of the Municipal Manager (Acting) - Mr Nyati***

	2024 R	2023 R
Basic Salary	-	55 614
Contributions to UIF, Medical and Pension Funds	-	177
Performance Bonus	-	-
Motor Vehicle Allowance	-	-
Cell Phone Allowance	-	1 728
Housing Allowances	-	-
Other benefits and allowances	-	3 893
Payments in lieu of leave	-	-
<b>Total</b>	<b>-</b>	<b>61 412</b>

Mr Nyati commenced with his duties on 16 January 2023 and terminated them on 31 January 2023.

***Remuneration of the Municipal Manager - Mr SW Vatala***

	2024 R	2023 R
Basic Salary	-	363 945
Contributions to UIF, Medical and Pension Funds	-	11 992
Performance Bonus	74 424	-
Motor Vehicle Allowance	-	28 000
Cell Phone Allowance	-	12 000
Housing Allowances	-	18 000
Other benefits and allowances	-	29 565
Payments in lieu of leave	-	107 550
<b>Total</b>	<b>74 424</b>	<b>571 051</b>

Dr SW Vatala commenced with his appointment on 1 September 2021, and ceased with said appointment on 31 October 2022.

***Remuneration of the Municipal Manager (Acting) - Mr A Makendlana***

	2024 R	2023 R
Basic Salary	-	-
Contributions to UIF, Medical and Pension Funds	354	-
Performance Bonus	-	-
Motor Vehicle Allowance	-	-
Cell Phone Allowance	-	-
Housing Allowances	-	-
Other benefits and allowances	39 562	-
Payments in lieu of leave	-	-
<b>Total</b>	<b>39 916</b>	<b>-</b>

Mr A Makendlana commenced with his duties as Acting Municipal Manager on 1 January 2024 and ceased with his duties on 31 January 2024.



**22. EMPLOYEE RELATED COSTS (CONTINUED)**

***Remuneration of the Municipal Manager (Acting and Permanent) - Mr M Nkungwana***

	2024 R	2023 R
Basic Salary	1 212 890	-
Contributions to UIF, Medical and Pension Funds	61 155	-
Performance Bonus	-	-
Motor Vehicle Allowance	-	-
Cell Phone Allowance	33 000	-
Housing Allowances	-	-
Other benefits and allowances	87 264	-
Payments in lieu of leave	-	-
<b>Total</b>	<b>1 394 309</b>	<b>-</b>

Mr MG Nkungwana acted as the Municipal Manager from 1 July 2023 until 31 December 2023. He was then appointed permanently from 1 February 2024.

***Remuneration of the Chief Financial Officer (Acting) - Mr R Butler***

	2024 R	2023 R
Basic Salary	545 784	252 642
Contributions to UIF, Medical and Pension Funds	74 870	13 729
Performance Bonus	-	-
Motor Vehicle Allowance	60 000	-
Cell Phone Allowance	20 000	6 560
Other benefits and allowances	44 245	16 072
Payments in lieu of leave	-	-
<b>Total</b>	<b>744 899</b>	<b>289 003</b>

Mr R Butler acted as the Chief Financial Officer for two periods during the financial year. The first commencing on 1 September 2023 and ceasing on 29 February 2024. The second commencing on 6 May 2024 up until after year end.

***Remuneration of the Chief Financial Officer (Acting) - Mr M Nhlengethwa***

	2024 R	2023 R
Basic Salary	156 372	337 209
Contributions to UIF, Medical and Pension Funds	783	886
Performance Bonus	-	-
Motor Vehicle Allowance	14 000	20 000
Cell Phone Allowance	5 480	12 500
Other benefits and allowances	14 116	25 054
Payments in lieu of leave	40 215	-
<b>Total</b>	<b>230 966</b>	<b>395 649</b>

Mr M Nhlengethwa acted as the Chief Financial Officer for two periods during the financial year. The first commencing on 1 July 2023 and ceasing on 31 August 2024. The second commencing on 1 March 2024 and ceasing 6 March 2024.

***Remuneration of the Chief Financial Officer (Acting) - Mr NP Mabhena***

	2024 R	2023 R
Basic Salary	-	185 917
Contributions to UIF, Medical and Pension Funds	-	531
Performance Bonus	-	-
Motor Vehicle Allowance	-	5 000
Cell Phone Allowance	-	6 680
Other benefits and allowances	-	13 389
Payments in lieu of leave	-	-
<b>Total</b>	<b>-</b>	<b>211 517</b>

Mr Mabhena commenced with his duties on 11 April 2023 and terminated them on 30 June 2023.



**22. EMPLOYEE RELATED COSTS (CONTINUED)**

**Remuneration of the Chief Financial Officer - Ms U Baartman**

Basic Salary  
Contributions to UIF, Medical and Pension Funds  
Performance Bonus  
Motor Vehicle Allowance  
Cell Phone Allowance  
Other benefits and allowances  
Payments in lieu of leave

**Total**

2024 R	2023 R
-	-
-	-
-	155 841
-	-
-	-
-	-
-	-
-	-
-	-
-	155 841

Ms U Baartman resigned with an effective date of 31 August 2021.

**Remuneration of the Chief Financial Officer - Mr MR Abdullah**

Basic Salary  
Contributions to UIF, Medical and Pension Funds  
Performance Bonus  
Motor Vehicle Allowance  
Cell Phone Allowance  
Other benefits and allowances  
Payments in lieu of leave

**Total**

2024 R	2023 R
-	594 686
-	31 922
-	-
-	-
-	17 980
-	43 845
-	85 699
-	-
-	-
-	774 133

Mr MR Abdullah commenced with his appointment on 1 February 2022 and ceased with this appointment on 6 February 2023.

**Remuneration of Director : Corporate Services - Mr JJ Jonkers**

Basic Salary  
Contributions to UIF, Medical and Pension Funds  
Performance Bonus  
Motor Vehicle Allowance  
Cell Phone Allowance  
Other benefits and allowances  
Acting Allowance - Municipal Manager  
Payments in lieu of leave

**Total**

2024 R	2023 R
-	-
-	-
-	155 841
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	155 841

Mr J Jonkers resigned with an effective date of 16 January 2022.

**Remuneration of Director : Corporate Services - Dr RR Links**

Basic Salary  
Contributions to UIF, Medical and Pension Funds  
Performance Bonus  
Motor Vehicle Allowance  
Cell Phone Allowance  
Other benefits and allowances  
Acting Allowance - Municipal Manager  
Payments in lieu of leave

**Total**

2024 R	2023 R
669 785	849 478
1 902	1 948
-	-
180 000	240 000
22 500	30 000
54 691	81 234
-	55 241
13 482	431
942 359	1 258 331

Dr RR Links commenced with his duties on 1 June 2022. He was seconded to Bitou Municipality on 1 March 2024 and resigned from CKDM on 30 March 2024.

**Remuneration of Director : Corporate Services (Acting) - Adv TB Mea**

Basic Salary  
Contributions to UIF, Medical and Pension Funds  
Performance Bonus  
Motor Vehicle Allowance  
Cell Phone Allowance  
Housing Allowances  
Other benefits and allowances  
Payments in lieu of leave

**Total**

2024 R	2023 R
285 429	-
531	-
-	-
21 000	-
7 500	-
-	-
19 661	-
-	-
334 122	-

Adv TB Mea commenced with his duties as Acting Corporate services director on 1 April 2024.





**22. EMPLOYEE RELATED COSTS (CONTINUED)**

**SUMMARY OF KEY MANAGEMENT PERSONNEL REMUNERATION**

	2024 R	2023 R
Basic Salary	2 870 260	3 059 349
Contributions to UIF, Medical and Pension Funds	139 595	62 282
Performance Bonus	74 424	311 682
Motor Vehicle Allowance	275 000	313 576
Cell Phone Allowance	88 480	102 304
Housing Allowances	-	18 000
Other benefits and allowances	259 539	244 410
Acting Allowance	-	55 241
Payments in lieu of leave	53 697	198 754
<b>Total Key Management Remuneration</b>	<b>3 760 994</b>	<b>4 365 597</b>
Balance previously reported		4 310 582
Correction of disclosure error - note 30		55 015
		<b>4 365 597</b>

**23. REMUNERATION OF COUNCILLORS**

	2024 R	2023 R
<b>Executive Mayor</b>	<b>647 651</b>	<b>587 331</b>
G. Mckenzie	-	523 370
J. Botha	647 651	63 961
<b>Executive Deputy-Mayor / Deputy-Mayor</b>	<b>750 884</b>	<b>757 449</b>
G. Pietersen	467 052	757 449
T. Prince	283 832	-
<b>Speaker</b>	<b>783 308</b>	<b>753 749</b>
L. Paulse	783 308	753 749
<b>Executive Committee Members</b>	<b>1 606 761</b>	<b>1 527 813</b>
I. Jacobs	737 290	806 190
E. Botha	74 169	313 249
L. Mdudumani	417 558	408 374
T. Prince	151 424	-
D. Sample	226 320	-
<b>Section 79 Committee Chairperson</b>	<b>132 469</b>	<b>131 670</b>
A. Mckay	132 469	131 670
<b>Councillors</b>	<b>1 053 894</b>	<b>1 071 364</b>
J. de Bruyn	-	216 669
D. Welgemoed	-	254 437
A. Swanepoel	339 450	325 003
A. Mckay	-	18 885
R. Skuza	-	6 818
N. Constable	34 206	29 544
J. VD Linde	19 674	30 681
J. Reynolds	15 857	12 500
S. Koonthea	17 693	17 859
L. Piti	32 940	15 908
D. Sample	253 703	95 497
D. Snyders	338 270	47 563
N. Abrahams	2 104	-
<b>Total Councillors' Remuneration</b>	<b>4 974 967</b>	<b>4 829 376</b>

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	647 651	-	-	-	647 651
Executive Deputy-Mayor	705 832	-	45 052	-	750 884
Speaker	686 429	-	46 136	50 743	783 308
Executive Committee Members	1 548 874	-	57 887	-	1 606 761
Section 79 Committee Chairperson	132 469	-	-	-	132 469
Councillors	907 164	-	126 657	20 073	1 053 894
<b>Total Councillors' Remuneration</b>	<b>4 628 419</b>	<b>-</b>	<b>275 732</b>	<b>70 816</b>	<b>4 974 967</b>

**In-kind Benefits**

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.



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	2024 R	2023 R
<b>24. CONTRACTED SERVICES</b>		
Contracted services	10 887 037	9 491 206
<b>Total Contracted Services</b>	<b>10 887 037</b>	<b>9 491 206</b>
	<b>2024 R</b>	<b>2023 R</b>
<b>25. DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	775 262	954 526
Intangible Assets	14 189	19 166
<b>Total Depreciation and Amortisation</b>	<b>789 451</b>	<b>973 691</b>
Balance previously reported		938 798
Correction of error - note 30		34 894
		<b>973 691</b>
	<b>2024 R</b>	<b>2023 R</b>
<b>26. FINANCE COSTS</b>		
Employee benefits	1 639 000	1 643 000
Less: Employee benefits transferred to Roads	(811 000)	(823 000)
Finance leases	2 633	12 378
Overdue Accounts	12 110	1 788
<b>Total Finance Costs</b>	<b>842 743</b>	<b>834 165</b>
	<b>2024 R</b>	<b>2023 R</b>
<b>27. TRANSFERS AND SUBSIDIES</b>		
Bursaries and study assistance provided	433 739	372 415
Monetary allocations to other organisations	54 976	-
Monetary allocations to B Municipalities	670 000	1 160 269
Allocations in-kind to B Municipalities	40 550	-
<b>Total Transfers and Subsidies</b>	<b>1 199 265</b>	<b>1 532 684</b>
	<b>2024 R</b>	<b>2023 R</b>
<b>28. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	201 942	147 196
Administration costs - Roads	6 901 198	6 316 500
Audit Fees	3 085 390	3 370 691
Bank Charges, Facility and Card Fees	25 939	28 864
Bursaries (Employees)	224 155	1 375 297
Courier and Delivery Services	76 573	45 974
Communication	565 889	611 756
Entertainment	-	2 374
External Computer Service	3 168 346	3 435 458
Fines and Penalties	-	3 300
Insurance Underwriting	590 066	568 406
Municipal Services	1 399 926	889 393
Printing, Publications and Books	232 706	122 496
Professional Bodies, Membership and Subscription	580 160	682 454
Registration Fees	11 418	5 500
Resettlement Cost	-	5 625
Sundry Projects	718 384	829 883
Training	567 738	514 132
Travel and Subsistence	3 347 714	3 166 971
Uniform and Protective Clothing	476 459	370 887
Vehicle licences	37 182	26 211
Workmen's Compensation Contributions	343 990	300 981
<b>Total Operational Costs</b>	<b>22 555 174</b>	<b>22 820 349</b>
Balance previously reported		22 817 296
Correction of error - note 30		3 053
		<b>22 820 349</b>



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	2024 R	2023 R
<b>29 (GAIN) / LOSS ON DISPOSAL OF ASSETS AND LIABILITIES</b>		
Intangible Assets	-	-
Property, Plant and Equipment	944	1 935 520
	<u>944</u>	<u>1 935 520</u>
		<b>2023 R</b>
<b>30. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
		<b>2023 R</b>
<b>30.1 Property, Plant and Equipment</b>		
<b>Balance previously reported</b>		<b>7 856 022</b>
Cost		784 255
In 2011 with the demarcation board process, all the properties not being utilised by the District Municipality were transferred to the Beaufort West Local Municipality. Erf 290 Murraysburg was erroneously also transferred in the process.		
Land		4 000
Buildings		70 003
First time recognition assets were brought in as noted during the annual asset verification of the Municipality.		36 812
Fencing installed at the Beaufort West Depot was not brought into the Fixed asset register.		673 440
Accumulated Depreciation		(97 135)
In 2011 with the demarcation board process, all the properties not being utilised by the District Municipality were transferred to the Beaufort West Local Municipality. Erf 290 Murraysburg was erroneously also transferred in the process.		
Buildings		(27 934)
Fencing installed at the Beaufort West Depot was not brought into the Fixed asset register.		(64 322)
First time recognition assets were brought in as noted during the annual asset verification of the Municipality.		(4 879)
<b>Restated Balance</b>		<b>8 543 142</b>
		<b>2023 R</b>
<b>30.2 Receivables from Non-Exchange Transactions</b>		
<b>Balance previously reported</b>		<b>1 138 375</b>
The opening balance of the Receivables from non-exchange transactions was affected by a Consolidated Retirement fund benefit payout received. This transaction had not been previously recognised in the Annual Financial Statements as a receivable.		116 820
In the previous year the journal for the timing differences in Payday payments were treated separately as a sundry creditor, instead of being included in the Salary Clearing reconciliation.		(144 702)
<b>Restated Balance</b>		<b>1 110 493</b>
		<b>2023 R</b>
<b>30.3 Current Employee Benefits</b>		
<b>Balance previously reported</b>		<b>5 229 592</b>
The Performance bonus provision was adjusted for the previous Municipal Manager, based on the percentage allocated being insufficient.		22 814
<b>Restated Balance</b>		<b>5 252 405</b>



<b>30. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	<b>2023</b>
	<b>R</b>
<b>30.4 Trade and Other Payables from Exchange Transactions</b>	
<b>Balance previously reported</b>	1 594 871
A new disclosure was created for provisions for litigation costs that are no longer contingent liabilities.	(323 930)
In the previous year the journal for the timing differences in Payday payments were treated separately as a sundry creditor, instead of being included in the Salary Clearing reconciliation.	(144 702)
Invoices noted that were posted in the incorrect financial year and had to be moved back 2022/2023.	3 265
	<b>1 129 504</b>
	<b>2023</b>
	<b>R</b>
<b>30.4 Provisions</b>	
<b>Balance previously reported</b>	-
A new disclosure was created for provisions for litigation costs that are no longer contingent liabilities.	323 930
	<b>323 930</b>
	<b>2023</b>
	<b>R</b>
<b>30.5 VAT receivable</b>	
<b>Balance previously reported</b>	1 419 368
Invoices noted that were posted in the incorrect financial year and had to be moved back 2022/2023.	212
	<b>1 419 580</b>
	<b>2023</b>
	<b>R</b>
	<b>2023</b>
	<b>R</b>
<b>30.6 Depreciation and Amortisation</b>	
<b>Balance previously reported</b>	938 798
In 2011 with the demarcation board process, all the properties not being utilised by the District Municipality were transferred to the Beaufort West Local Municipality. Erf 290 Murraysburg was erroneously also transferred in the process.	2 328
A Fence was constructed around the Beaufort West Depot belonging to the District Municipality, but not brought into account.	27 687
First time recognitions noted during the annual asset verification have been recognised in the Fixed asset register	4 879
<b>Restated Balance</b>	<b>973 691</b>
	<b>2023</b>
	<b>R</b>
<b>30.7 Operational Costs</b>	
<b>Balance previously reported</b>	22 817 296
Invoices noted that were posted in the incorrect financial year and had to be moved back 2022/2023.	3 053
	<b>22 820 349</b>



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**30. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**

		<b>2023</b> <b>R</b>
<b>30.8 Employee related costs</b>		
<b>Balance previously reported</b>		62 400 419
The Performance bonus provision was adjusted for the previous Municipal Manager, based on the percentage allocated being insufficient. Thus the contribution to the Bonus provision was affected.		22 814
<b>Restated Balance</b>		<b>62 423 233</b>
		<b>2023</b> <b>R</b>
<b>30.9 Accumulated Surplus/(Deficit) - 1 July 2022</b>		
<b>Balance previously reported 1 July 2022</b>		<b>15 363 622</b>
General	Overall general rounding issues	(4)
Receivables from non-exchange transactions	The opening balance of the Receivables from non-exchange transactions was affected by a Consolidated Retirement fund benefit payout received. This transaction had not been previously recognised in the Annual Financial Statements as a receivable.	116 820
Property, plant and equipment	In 2011 with the demarcation board process, all the properties not being utilised by the District Municipality were transferred to the Beaufort West Local Municipality. Erf 290 Murraysburg was erroneously also transferred in the process.	
	Land: Cost	4 000
	Buildings: Cost	70 003
	Buildings: Accumulated Depreciation	(25 606)
Property, plant and equipment	First time recognition assets were brought in as noted during the annual asset verification of the Municipality.	36 812
Property, plant and equipment	Fencing installed at the Beaufort West Depot was not brought into the Fixed asset register.	
	Fencing: Cost	673 440
	Fencing: Accumulated Depreciation	(36 635)
<b>Restated Balance 1 July 2022</b>		<b>16 202 452</b>
<b>Surplus/(Deficit) previously reported 2022/2023</b>		<b>(4 245 347)</b>
Property, plant and equipment	In 2011 with the demarcation board process, all the properties not being utilised by the District Municipality were transferred to the Beaufort West Local Municipality. Erf 290 Murraysburg was erroneously also transferred in the process.	
	Buildings: Depreciation	(2 328)
Property, plant and equipment	Depreciation on first time recognition assets that were brought in as noted during the annual asset verification of the Municipality.	(4 879)
Property, plant and equipment	A Fence was constructed around the Beaufort West Depot belonging to the District Municipality, but not brought into account. This resulted in additional depreciation not begin accounted for.	(27 687)
Performance Bonus	The Performance bonus provision was adjusted for the previous Municipal Manager, based on the percentage allocated being insufficient. Thus the contribution to the Bonus provision was affected.	(22 814)
Operational Cost	Invoices noted that were posted in the incorrect financial year and had to be moved back 2022/2023.	(3 053)
<b>Surplus/(Deficit) restated 2022/2023</b>		<b>(4 306 108)</b>
<b>Restated Balance at 1 July 2023</b>		<b>11 896 344</b>



**30. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**

**2023**  
**R**

**30.10 Changes to Statement of Financial Performance**

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>			
Government Grants and Subsidies	42 993 976	-	42 993 976
Contributed Property, Plant and Equipment	-	-	-
Actuarial Gains	2 564 230	-	2 564 230
Reversal of impairment loss	-	-	-
Fines, Penalties and Forfeits	-	-	-
Interest Earned - Non-exchange Transactions	-	-	-
Licences and Permits from Non-Exchange Transactions	47 241	-	47 241
Service Charges	-	-	-
Sales of Goods and Rendering of Services	-	-	-
Rental from Fixed Assets	96 190	-	96 190
Interest Earned - External Investments	1 298 247	-	1 298 247
Interest Earned - Exchange Transactions	-	-	-
Operational Revenue	196 573	-	196 573
Department of Transport - Roads Service Charges	60 528 654	-	60 528 654
Straight Service Charge	5 492 609	-	5 492 609
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	5 538	-	5 538
<b>Total</b>	<b>113 223 257</b>	<b>-</b>	<b>113 223 257</b>
<b>Expenditure</b>			
Employee related costs	(62 400 419)	(22 814)	(62 423 233)
Remuneration of Councillors	(4 829 376)	-	(4 829 376)
Debt impairment	(89 823)	-	(89 823)
Contracted Services	(9 491 206)	-	(9 491 206)
Depreciation and Amortisation	(938 798)	(34 894)	(973 691)
Actuarial Losses	-	-	-
Finance Costs	(834 165)	-	(834 165)
Bulk Purchases	-	-	-
Inventory Consumed	(12 599 317)	-	(12 599 317)
Loss on disposal of assets and liabilities	(1 935 520)	-	(1 935 520)
Transfers and Subsidies	(1 532 684)	-	(1 532 684)
Operational Costs	(22 817 296)	(3 053)	(22 820 349)
<b>Total</b>	<b>(117 468 604)</b>	<b>(60 760)</b>	<b>(117 529 365)</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>(4 245 347)</b>	<b>(60 760)</b>	<b>(4 306 108)</b>

**30.11 General disclosure prior year errors**

**30.11.1 Financial Instrument Disclosure**

The Financial Instrument disclosure note was updated to be in line with the latest GRAP standard requirements, this impacted the previous year as well. Furthermore, a provision amount relating to the prior year has been moved from payables to its own provision line, thus resulting in a difference in disclosure, due to provisions being excluded from the scope of Financial instrument disclosure.

**30.11.2 Key Management personnel remuneration disclosure**

Payments made relating to different financial years Payday reports were not taken into account in this correct year for disclosure purposes. This was rectified to reflect the true expenditure for the financial year under review.

**30.11.3 Reportable Segments**

The formatting used in the Monthly C schedules - used for monthly decision making purposes, changed during the previous financial year. We thus amended the disclosure in both financial years to bring the disclosure in line.

**30.11.4 Cashflow Statement - Rounding**

The rounding on the cashflow statement of the previous year was updated for disclosure purposes.

**30.11.5 Cashflow Statement - Intangible assets disclosure**

The Cashflow from Investing activities was not split correctly between Property, plant and equipment and Intangible assets. There is an overall net zero effect on the Cashflow statement.



**30. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**

**30.11.6 Financial Sustainability**

The cash coverage ratio of the prior year is affected by prior year errors of other balances. Furthermore the Current Ratio (Current assets exceeded Current liabilities) has been amended and updated due to prior year errors on trade and other payables.

**30.11.7 Remuneration of Councillors**

The disclosure of the remuneration of Councillors under note 23 was updated to comply with GRAP 20 requirements regarding key management.

**30.11.8 Irregular Expenditure**

Payment vouchers approved by Mr T Prince in the 2022/2023 financial year were treated as irregular expenditure, but upon further investigation these expenses were deemed to be a consequential event of his appointment, and as such should not be deemed irregular. An Amount of R8 157 464.01 should not have been deemed irregular, only his actual remuneration of R192 964.31  
Furthermore, an additional amount of R976 516.70 was recognised as irregular expenditure due a non-compliance with Regulation 19 (a) of the Municipal Supply Change Management regulations with regards to short term insurance.  
Furthermore, Telkom was identified as no longer being a State owned enterprise, as such all expenditure from 2018 until present is deemed irregular.

	2024 R	2023 R
<b>31. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	(1 749 910)	(4 306 108)
<b>Adjustments for:</b>		
Depreciation and Amortisation	789 451	973 691
Government Grants and Subsidies received	48 545 220	45 087 237
Government Grants and Subsidies recognised as revenue	(45 585 564)	(42 993 976)
Government Grants and Subsidies paid back	(1 096 646)	(3 963 475)
Contribution from/to provisions - Non-Current Employee Benefits	1 093 922	1 031 231
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(985 922)	(2 564 230)
Contribution from/to - Current Employee Benefits	713 758	196 799
Non-cash movement in Employee Benefits Receivable	(436 399)	828 590
Contributed assets	(879 152)	-
Bad Debts written off	-	89 823
Loss on disposal of assets and liabilities (non-cash)	944	1 935 520
Reversal of Inventory NRV	50 231	5 538
Operating Surplus/(Deficit) before changes in working capital	459 934	(3 679 359)
Changes in working capital	2 179 262	3 097 847
Increase/(Decrease) in Provisions	683 532	323 930
Increase/(Decrease) in Trade and Other Payables	706 296	(1 165 896)
Increase/(Decrease) in Employee Benefits	(39 601)	(30 590)
(Increase)/Decrease in Taxes	831 110	(174 916)
(Increase)/Decrease in Inventory	(79 488)	(213 278)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(437 500)	4 629 781
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	516 412	(268 184)
Increase/(Decrease) in Consumer deposits	(1 500)	(3 000)
<b>Cash generated/(absorbed) by operations</b>	<b>2 639 196</b>	<b>(581 512)</b>
	<b>2024 R</b>	<b>2023 R</b>
<b>32. CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of capital expenditure:</b>		
Approved and contracted for:	<b>2 378 876</b>	<b>633 579</b>
Total commitments consist out of the following:		
The supply of a Double cab bakkie by Williams Hunt	-	633 579
The supply of a 18 000 liter water tanker truck by Isuzu Motors South Africa	2 378 876	-
	<b>2 378 876</b>	<b>633 579</b>
This expenditure will be financed from:		
Government Grants	2 378 876	633 579
	<b>2 378 876</b>	<b>633 579</b>

Capital commitments are disclosed inclusive of VAT.



**33. BUDGET INFORMATION**

The Annual Budget of the Municipality is prepared for a 2023/24 MTREF period and is applicable from 1 July 2023 until 30 June 2024.

A reconciliation is provided on the face of the Statement of comparison of budget and actual amounts for the classification disclosure differences resulting between the Budget and the Annual financial statements.

**33.1 Explanation of variances between approved and final budget amounts**

GRAP 24 specifically requires reasons for the differences between approved budget and final budget amounts.

**Explanation of variances between the final Budget and Actual amounts**

Explanations of variances between the final budget and the actual amounts are provided below. Amounts under R5 000 or a percentage change of less than 10% were seen as immaterial.

**33.2 STATEMENT OF FINANCIAL POSITION**

**33.2.1 Current Assets**

**33.2.1.1 Cash and cash equivalents**

*The cash and cash equivalents increase was partly due to an increase in unspent grants awaiting finalisation for our commitments to purchase a water truck.*

**33.2.1.2 Trade and other receivables from exchange transactions**

*Receivables from exchange transactions shows a positive variance due to the Department of Transport and Public Works being raised as a debtor at year-end.*

**33.2.1.3 Receivables from non-exchange transactions**

*Central Karoo District Municipality disclosed all its Receivables under Exchange Receivables in the budget, whereas this is not the case within our financial statements. This was a misalignment within the budgeting process.*

**33.2.1.4 Current portion of non-current receivables**

*This variance is less than 10% and deemed immaterial.*

**33.2.1.5 Inventory**

*This variance is less than 10% and deemed immaterial.*

**33.2.1.6 VAT**

*The VAT balance reflected a positive variance due to monies recovered from the Receiver of Revenue relating to the prior year VAT reconciliation.*

**33.2.1.7 Other current assets**

*This variance was caused by a misalignment within the budgeting process.*





**33. BUDGET INFORMATION (CONTINUED)**

**33.2.2 Non-Current Assets**

**33.2.2.1 Non-current receivables from non-exchange transactions**

*Figures for these amounts are obtained from Actuarial Reports provided to Central Karoo District Municipality by Actuaries. It is not possible to accurately determine this amount prior to receiving this report at year end, and as such there will always be variances. These variances are deemed acceptable.*

**33.2.2.2 Property, Plant and Equipment**

*The final award and order was done for the provision of a water tanker in June 2024, however the delivery did not place before year-end. The commitment is R 2 378 876, there was also a tender for a vehicle which is currently at the complains period stage, which amounts to R 430 000. These two acquisitions will lead to a variance of 0,05%, which is deemed immaterial.*

**33.2.2.3 Intangible Assets**

*Intangible assets pertains to software licences software. The computer equipment tender was only finalised at year-end.*

**33.2.3 Current Liabilities**

**33.2.3.1 Financial liabilities**

*Finance leases and other finance charges budget items were omitted during the budget process.*

**33.2.3.2 Consumer Deposits**

*This variance is less than R5 000 and deemed immaterial.*

**33.2.3.3 Trade and other payables from exchange transactions**

*The variance is due to a large legal fees invoice and municipal arrears account of a property not recognised before by the municipality. This amounts to R 877 027, which leads to a variance of 1% and is deemed immaterial.*

**33.2.3.4 Trade and other payables from non-exchange transactions**

*Poor performance and implementation of the grants received for the Financial Year 2023-24.*

**33.2.3.5 Provisions**

*Figures for these amounts are obtained from Actuarial Reports provided to Central Karoo District Municipality by Actuaries. It is not possible to accurately determine this amount prior to receiving this report at year end, and as such there will always be variances. Furthermore, provisions were made for the continuing legal fees relating to the previous Municipal Manager's court cases. This caused a major increase year on year.*

**33.2.3.6 VAT**

*This variance was caused by a budgeting malalignment. It does not have an impact on actual results.*

**33.2.3.7 Other current liabilities**

*This variance was caused by a misalignment within the budgeting process.*

**33.2.4 Non-Current Liabilities**

**33.2.4.1 Borrowing**

*Finance leases and other finance charge budget items were omitted during the budget process. First adjustment budget an estimated amount will be budgeted.*

**33.2.4.2 Provisions**

*Figures for these amounts are obtained from Actuarial Reports provided to Central Karoo District Municipality by Actuaries. It is not possible to accurately determine this amount prior to receiving this report at year end, and as such there will always be variances. These variances are deemed acceptable.*



**33. BUDGET INFORMATION (CONTINUED)**

**33.2.4.3 Other non-current liabilities**

*This variance was caused by a misalignment within the budgeting process.*

**33.2.5 Net Assets**

**33.2.5.1 Accumulated Surplus/(Deficit)**

*The surplus is affected by transactions that take place in preparation of the Annual Financial Statements, it is thus not possible to determine this amount accurately for budgeting purposes.*

**STATEMENT OF FINANCIAL PERFORMANCE**

**33.2.6 Revenue**

**33.2.6.1 Rental from Fixed Assets**

*One of the lessees contract was suppose to expire end of February, but there were an extension till end of the financial year*

**33.2.6.2 Interest earned from Current and Non Current Assets**

*This variance is less than 10% and deemed immaterial.*

**33.2.6.3 Licences and Permits**

*Increase in the number of permits and licenses issued due to the increase in businesses operations within the Central Karoo District*

**33.2.6.4 Agency Services**

*From a financial statement perspective the straight service charge is included in Other revenue, whereas from a budgeting perspective it is disclosed under Agency fees. This results in the disconnect on the comparison.*

**33.2.6.5 Operational Revenue**

*From a financial statement perspective the straight service charge is included in Other revenue, whereas from a budgeting perspective it is disclosed under Agency fees. This results in the disconnect on the comparison. The effect of this would then amount to a variance of less then 10% (6%), which is immaterial.*

**33.2.6.6 Sales of Goods and Rendering of Services**

*This variance was caused by a misalignment within the budgeting process.*

**33.2.6.7 Transfer and subsidies - Operational**

*This variance is less than 10% and deemed immaterial.*

**33.2.6.8 Other Gains**

*Actuarial movements are unpredictable due to external factors beyond the control of the municipality.*

**33.2.6.9 Transfers and subsidies - capital (monetary allocations)**

*This variance was caused by a budgeting malalignment. It does not have an impact on actual results.*



**33. BUDGET INFORMATION (CONTINUED)**

**33.2.7 Expenditure**

**33.2.7.1 Employee Related Costs**

*Due to differential Financial years between the Central Karoo District and the Western Cape Provincial Department of infrastructure, results in the actual amount expensed being more than amount budgeted. Upper limit amendments were only gazetted on 14 June 2023. Thus effect of backpay only to be felt in following year.*

**33.2.7.2 Remuneration of Councillors**

*This variance is less than 10% and deemed immaterial.*

**33.2.7.3 Debt Impairment**

*This variance is less than 10% and deemed immaterial.*

**33.2.7.4 Depreciation and amortisation**

*This variance is less than 10% and deemed immaterial.*

**33.2.7.5 Interest**

*Finance leases and other finance charge budget items were omitted during the budget process. During the first adjustment budget an estimated amount will be budgeted.*

**33.2.7.6 Inventory consumed**

*The increase is due to normal factors such as pricing, as well as the flood damage in the three surrounding towns which resulted in additional materials being required for the fixing of roads. This in turn would result in more maintenance for equipment, much of which is done in house by buying parts, as well as more fuel being used by vehicles in the process, all of which impacts inventory consumed. All of this contributes to the increase in the Inventory consumed year on year.*

**33.2.7.7 Contracted Services**

*Due to differential Financial years between the Central Karoo District and the Western Cape Provincial Department of infrastructure, results in the actual amount expensed being more than amount budgeted. The contracted services mostly pertains to Roads.*

**33.2.7.8 Transfers and Subsidies**

*This variance was caused by a budgeting malalignment. It does not have an impact on actual results.*

**33.2.7.9 Operational costs**

*This variance is less than 10% and deemed immaterial.*

**33.2.7.10 Losses on disposal of Assets**

*Planned losses were not budgeted for, during the annual asset count however - assets that had not been verified for the past two years were written off, resulting in a loss on disposal of Asset.*



**33. BUDGET INFORMATION (CONTINUED)**

**CASH FLOW STATEMENT**

**33.2.8 Net Cash from Operating Activities**

**33.2.8.1 Other Revenue**

*This variance is less than 10% and deemed immaterial.*

**33.2.8.2 Transfers and Subsidies - Operational**

*This variance is less than 10% and deemed immaterial.*

**33.2.8.3 Transfers and Subsidies - Capital**

*The final award and order was done for the provision of a water tanker in June 2024, however the delivery did not place before year-end. The commitment is R 2 378 876. This acquisitions will lead to a variance of 1%, which is deemed immaterial.*

**33.2.8.4 Interest**

*This variance is less than 10% and deemed immaterial.*

**33.2.8.5 Suppliers and Employees**

*This variance is less than 10% and deemed immaterial.*

**33.2.8.6 Finance charges**

*Finance leases and other finance charge budget items were omitted during the budget process. First adjustment budget an estimated amount will be budgeted.*

**33.2.8.7 Transfers and Subsidies**

*This variance was caused by a budgeting malalignment. It does not have an impact on actual results.*

**33.2.9 Net Cash from Investing Activities**

**33.2.9.1 Proceeds on disposal of PPE**

*No movement*

**33.2.9.2 Decrease (increase) in Non-Current Receivables**

*This variance was caused by a budgeting malalignment. It does not have an impact on actual results.*

**33.2.9.3 Capital Assets**

*The final award and order was done for the provision of a water tanker in June 2024, however the delivery did not place before year-end. The commitment is R 2 378 876. There was also a tender for a vehicle which is currently at the complains period stage, which amounts to R 430 000. These two acquisitions will lead to a variance of less then R100, which is deemed immaterial.*

**33.2.10 Net Cash from Financing Activities**

**33.2.10.1 Increase (decrease) in consumer deposits**

*No movement*

**33.2.10.2 Repayment of Borrowing**

*Finance leases and other finance charge budget items were omitted during the budget process. First adjustment budget an estimated amount will be budgeted.*



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
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	2024 R	2023 R
<b>34. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>34.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	10 040 667	12 708 653
Correction of prior period error - see Note 30	-	-
	<hr/>	<hr/>
Restated opening balance	10 040 667	12 708 653
Unauthorised expenditure current year - operational	5 871 280	6 113 285
Unauthorised expenditure current year - capital	887 439	14 238
Approved/condoned/authorised by Council	(10 040 667)	(8 795 509)
	<hr/>	<hr/>
Current	-	-
Prior Period	(10 040 667)	(8 795 509)
	<hr/>	<hr/>
Transfer to receivables for recovery	-	-
	<hr/>	<hr/>
Current	-	-
Prior Period	-	-
	<hr/>	<hr/>
Unauthorised expenditure awaiting authorisation	<b>6 758 719</b>	<b>10 040 667</b>
	<hr/>	<hr/>

The overspending of the Budget per municipal vote can be summarised as follows:

	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - Executive and Council	14 161 997	12 591 198	(1 570 799)	(1 570 799)
Vote 2 - Municipal Manager	-	-	-	0
Vote 3 - Finance	21 350 047	22 251 418	901 371	0
Vote 4 - Corporate Services	21 646 134	22 396 638	750 504	0
Vote 5 - Technical Services	66 026 095	61 725 614	(4 300 481)	(4 300 481)
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>123 184 272</b>	<b>118 964 868</b>	<b>(4 219 404)</b>	<b>(5 871 280)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
<b>Unauthorised expenditure current year - capital</b>				
Vote 1 - Executive and Council	23 288	15 000	(8 288)	(8 288)
Vote 2 - Municipal Manager	-	-	-	0
Vote 3 - Finance	336 172	576 463	240 291	0
Vote 4 - Corporate Services	802 370	3 379 332	2 576 962	0
Vote 5 - Technical Services	879 152	1	(879 151)	(879 151)
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>2 040 982</b>	<b>3 970 796</b>	<b>1 929 814</b>	<b>(887 439)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
			2024 R	2023 R

**34.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:		
Opening balance	13 006	177 987
Correction of prior period error	-	-
	<hr/>	<hr/>
Restated opening balance	13 006	177 987
Fruitless and wasteful expenditure current year	17 438	10 353
Correction of prior period error - see Note 30	-	-
Approved/condoned/authorised by Council	(13 006)	(165 885)
	<hr/>	<hr/>
Current	-	-
Prior Period	(13 006)	(165 885)
	<hr/>	<hr/>
Transfer to receivables for recovery - not written off	(5 327)	-
	<hr/>	<hr/>
Current	(5 327)	-
Prior Period	-	-
	<hr/>	<hr/>
Amounts recovered during year	-	(9 449)
	<hr/>	<hr/>
Current	-	(9 449)
Prior Period	-	-
	<hr/>	<hr/>
Fruitless and wasteful expenditure awaiting further action	<b>12 110</b>	<b>13 006</b>
	<hr/>	<hr/>



**34. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)**

	2024 R	2023 R
<b>34.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure:		
Opening balance	20 675 781	37 624 692
Correction of prior period error - see Note 30	-	-
Restated opening balance	20 675 781	37 624 692
Irregular expenditure current year	3 516 520	18 269 354
Irregular expenditure based on PPR regulations	-	693 035
Correction of prior period error - see Note 30	-	(4 952 056)
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Current	-	-
Prior Period	-	-
Written off as supported by council	(16 852 099)	(30 959 244)
Current	-	-
Prior Period	(16 852 099)	(30 959 244)
Transfer to receivables for recovery - not written off	-	-
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	<b>7 340 203</b>	<b>20 675 781</b>

Recoverability, condonement and disciplinary steps of all other irregular expenditure will be evaluated by Council in terms of section 32 of MFMA.

	2024 R	2023 R
<b>35. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>35.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</b>		
Opening balance	-	-
Council subscriptions	572 912	659 416
Amount paid - current year	(572 912)	(659 416)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
	<b>2024 R</b>	<b>2023 R</b>
<b>35.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	-	209 251
Correction of prior period error	-	-
Restated opening balance	-	209 251
Current year audit fee	3 085 390	3 370 691
External Audit - Auditor-General	3 085 390	3 370 691
Amount paid - current year	(3 085 390)	(3 370 691)
Amount paid - previous year	-	(209 251)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
	<b>2024 R</b>	<b>2023 R</b>
<b>35.3 VAT - [MFMA 125 (1)(c)]</b>		
<b>VAT Receivable</b>	<b>588 470</b>	<b>1 419 580</b>

VAT output payables and VAT input receivables are shown in note 14.  
All VAT returns were submitted by the due date throughout the year.



**35. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**

	2024 R	2023 R
<b>35.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	10 738 732	9 855 001
Amount paid - current year	(10 738 732)	(9 855 001)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
	<b>2024 R</b>	<b>2023 R</b>

**35.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**

Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	13 104 540	12 547 867
Amount paid - current year	(13 104 540)	(12 547 867)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**35.6 Councillor's arrear accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 June 2024:

	Outstanding less than 90 days	Outstanding more than 90 days	Total
<i>Councillor J Bostander</i>	-	46 714	46 714
<i>Councillor M Furman</i>	-	22 552	22 552
<i>Councillor EZ Njadu</i>	-	41 192	41 192
<i>Councillor M Daniels</i>	-	737	737
<i>Councillor J Jonas</i>	-	4 515	4 515
<i>Councillor GP Adolph</i>	-	2 511	2 511
<i>Councillor JP de Bruyn</i>	-	8 332	8 332
<i>Councillor JD van der Linde</i>	-	639	639
<i>Councillor SD Koonthea</i>	-	635	635
<i>Councillor AJ MacKay</i>	-	123 457	123 457
	<b>-</b>	<b>251 283</b>	<b>251 283</b>

The following Councillors had arrear accounts for more than 90 days as at 30 June 2023:

	Outstanding less than 90 days	Outstanding more than 90 days	Total
<i>Councillor J Bostander</i>	-	46 714	46 714
<i>Councillor M Furman</i>	-	22 552	22 552
<i>Councillor EZ Njadu</i>	-	41 192	41 192
<i>Councillor M Daniels</i>	-	737	737
<i>Councillor J Jonas</i>	-	4 515	4 515
<i>Councillor GP Adolph</i>	-	2 511	2 511
<i>Councillor JP de Bruyn</i>	8 332	-	8 332
	<b>8 332</b>	<b>118 221</b>	<b>126 553</b>



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**35. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**

**35.7 Disclosures in terms of the Municipal Supply Chain Management Regulations -  
Promulgated by Government Gazette 27636 dated 30 May 2005**

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

**30 June 2024**

<u>30 June 2024</u>	<u>Type of Deviation</u>			
	Amount	Sole Supplier / Agent	Impractical	Emergency
July	124 871	0	4	0
August	204 540	16	8	0
September	172 579	14	6	0
October	460 096	16	11	0
November	700 253	12	13	0
December	356 423	10	12	0
January	98 125	6	7	0
February	1 294 334	9	8	0
March	1 227 183	11	9	0
April	1 714 162	21	9	0
May	1 264 520	26	7	0
June	5 139 944	25	34	1
	12 757 028	166	128	1

	<b>Up to R30 000</b>	<b>Between R30 000 and R200 000</b>	<b>Total</b>
Emergency	-	277 353	277 353
Impractical	708 402	9 719 510	10 427 912
Sole Supplier/Agent	1 354 884	696 879	2 051 763
	<b>2 063 285</b>	<b>10 693 743</b>	<b>12 757 028</b>

**30 June 2023**

<u>30 June 2023</u>	<u>Type of Deviation</u>			
	Amount	Sole Supplier / Agent	Impractical	Emergency
July	-	0	0	0
August	1 949 554	7	9	0
September	62 578	5	2	0
October	199 515	2	6	0
November	1 278 818	3	5	0
December	573 136	6	3	0
January	502 029	3	1	0
February	234 474	6	1	0
March	167 948	4	9	0
April	380 106	3	4	0
May	305 282	12	7	0
June	2 425 108	45	30	1
	<b>8 078 548</b>	<b>96</b>	<b>77</b>	<b>1</b>

	<b>Up to R30 000</b>	<b>Between R30 000 and R200 000</b>	<b>Total</b>
Emergency	17 637	-	17 637
Impractical	186 754	6 727 737	6 914 491
Sole Supplier/Agent	699 002	447 417	1 146 419
	<b>903 394</b>	<b>7 175 155</b>	<b>8 078 548</b>





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**35. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**

**35.7.2 Regulation 45 - Details of Awards to close family members of persons in the service of the state:**

The following purchases were made during the year where 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:

**30 June 2024**

Company Name	Related Person	Service Capacity	Relationship	State Department	Amount of Award
Admiror Trading	Mr D Jonker	Occupational Therapist	Spouse	Beaufort West Hospital	33 631
Beaufort West Luxury Coaches	Mrs B Johnson	Traffic Officer	Daughter in Law	Provincial Traffic	3 500
Ann's Deli and Projects	Mr A Stoffels	General Worker	Spouse	WCED	8 350
Mcleod Pest Control	Mrs R Mcleod	Professional Nurse	Spouse	Beaufort West Hospital	12 500
Magrietha Heilbreght Jacobs	Mrs H Jacobs	Legal Services	Daughter in Law	Central Karoo District Municipality	3 521
Ilanja Sweiswerke t/a B en B Sweiswerke	Mr AC Du Plessis	Teacher	Son	WCED	85 533
Avril Johnson	Ms MI Johnson	Social Worker	Daughter	Social Development	38 600
Inzalo Sebata Municipal Solutions	Mrs NT Mazibuko	National Archivist	Spouse	Department Arts & Culture	2 608 229
Van De Wall Inc	Mrs J M Cronje	SARS Tax Consultant	Spouse	South African Revenue Services	160 515
					<b>2 954 379</b>

**30 June 2023**

Company Name	Related Person	Service Capacity	Relationship	State Department	Amount of Award
Beaufort West Luxury Coaches	Mrs B Johnson & Mr W Johnson	Traffic Officer and Mechanic	Daughter in Law and Son	Beaufort West Municipality	6 950
Admiror Trading	Mr D Jonker	Occupational Therapist	Spouse	Beaufort West Hospital	635 580
Ilanja Sweiswerke t/a B en B Sweiswerke	Mr AC Du Plessis	Teacher	Son	WCED	20 787
Magrietha Heilbreght Jacobs	Mr HWD Jacobs, Mrs HL Jacobs, Mr SJ Jacobs, Mr DC Luiters	Correctional Services, Central Karoo District Municipality, SAPS Kimberley & Correctional Services	Son, Daughter in Law, Son & Son in Law	Correctional Services, Central Karoo District Municipality, SAPS Kimberley & Correctional Services	1 248
Ann's Deli and Projects	Mr A Stoffels	General Worker	Spouse	WCED	6 500
Inzalo Sebata Municipal Solutions	Mrs NT Mazibuko	National Archivist	Spouse	Department Arts & Culture	2 928 723
Van De Wall Inc	Mrs J M Cronje	SARS Tax Consultant	Spouse	South African Revenue Services	467 648
TNA General Services (Pty) Ltd	Mrs MKM Arendse	Nurse	Spouse	Nuvel Park Clinic	19 489
Mubesko Africa	Mrs L Saaiman	Curriculum Specialist	Spouse	WCED	4 370 547
Alfreda Elrico Hermanus	Mr S Fry	Operations Manager	Step Father	EC Health	87 622
RDB Building	Mr R Basson	Acting Director Technical Services, Matzikama Municipality	Husband	Matzikama Municipality	196 547
					<b>8 741 641</b>



**35. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**

**35.8 Non-compliance with the Municipal Finance Management Act and other Legislation [MFMA 125 (2)(e)]**

**Non-compliance with MFMA Act 56 of 2003 Section 65 (2) (e)**

Money owing by the municipality was not paid within 30 days of receiving the relevant invoice or statement from the supplier.

**Non-compliance with MFMA Act 56 of 2003 Section 75**

The following Section 71 Monthly Reports have not been published within five days as required by legislation:

July 2023  
October 2023  
November 2023  
December 2023  
January 2024  
February 2024

The following Section 52 Quarterly Report has not been published within five days as required by legislation:

September 2023

The final budget was approved by Council on 24 May 2024 and made public on the website on 20 June 2024. This should have been made public on 29 May 2024.

**Non-compliance with the MFMA Municipal Budget and Reporting Regulations Section 31**

The quarterly Section 52 report was not timeously submitted for quarter 1 of the 2023/2024 financial year.

**Non-compliance with the MFMA Section 72**

The Mid-year report was only approved by Council on 26 January 2024 and submitted to Provincial and National Treasury late on the 30th of January 2024.

**Non-compliance with the MFMA Municipal Budget and Reporting Regulations Section 26**

The first adjustment budget was not published within ten working days after the municipal council has approved the document.

**Non-compliance with the MFMA Section 129 (2)**

The Oversight report was not placed on the municipal website within 7 days of adoption thereof.

**Non-compliance with the Municipal Systems Act 32 of 2000 Section 25**

The Draft Integrated Development Plan was not published on the Municipal website within 14 days of its adoption.

**Non-compliance with the Municipal Systems Act 32 of 2000 Section 54 (A)**

Judge DM Thulare of the High court provided a judgement on 5 June 2024 stating the following in paragraph 15(b): "The decision of the Central Karoo District Municipality Council to appoint Mzingisi Gratitude Nkungwana as Municipal Manager on 10 January 2024, when he did not have the prescribed competencies, in contravention of section 54A(2) and (3)(a) of the Local Government: Municipal Systems Act 32 of 2000. (Act No 32 of 2000) read with the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers published under GN 21 in GG37245 of 17 January 2014, is reviewed and set aside." The first leave of appeal was dismissed with costs.

**2024**  
**R**

**2023**  
**R**

**36. FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.



**36. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Interest Rate Risk**

As the municipality has no significant interest-bearing liabilities, the entity's income and operating cash flows are substantially independent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The following was taken into consideration when determining the interest rate risk:

- Cash and Cash Equivalents

	2024 R	2023 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
0.25% (2023: 1.00%) Increase in interest rates	31 714	112 082
1.00% (2023: 0.25%) Decrease in interest rates	(126 854)	(28 020)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Unspent government grants have to be cash-backed and as a result R 5 367 842 are pledged as security for financial liabilities

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting.

	2024 R	2023 R
<b>Financial assets exposed to credit risk at year end are as follows:</b>		
Receivables from exchange transactions	4 742 474	4 304 975
Receivables from non-exchange transactions	594 081	1 110 493
Cash and Cash Equivalents	12 685 443	11 307 793
	<b>18 021 999</b>	<b>16 723 261</b>



**36. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through proper budgeting.

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

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2024</b>				
Trade and Other Payables from Exchange Transactions	1 835 800	-	-	-
Unspent conditional grants and subsidies	5 367 842	-	-	-
Long-term Liabilities	-	-	-	-
Finance cost	-	-	-	-
	<b>7 203 642</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2023</b>				
Trade and Other Payables from Exchange Transactions	1 129 504	-	-	-
Unspent conditional grants and subsidies	3 504 832	-	-	-
Long-term Liabilities	102 262	-	-	-
Finance cost	(2 633)	-	-	-
	<b>4 733 965</b>	<b>-</b>	<b>-</b>	<b>-</b>

**37. FINANCIAL INSTRUMENTS**

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

		2024 R	2023 R
<b>37.1 Financial Assets</b>	<b>Classification</b>		
<b>Receivables from Exchange Transactions</b>			
Department of transport and public works	Financial Instruments at amortised cost	4 734 596	4 301 432
Rental Debtors	Financial Instruments at amortised cost	7 878	3 543
<b>Receivables from Non-Exchange Transactions</b>			
Other Receivables	Financial Instruments at amortised cost	594 081	1 110 493
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	1 484 757	1 807 530
Call Deposits	Financial Instruments at amortised cost	11 200 686	9 500 263
Cash on hand	Financial Instruments at amortised cost	1 380	1 293
<b>Total Financial Assets</b>		<b>18 023 379</b>	<b>16 724 554</b>
		2024 R	2023 R

**SUMMARY OF FINANCIAL ASSETS**

**Financial Instruments at amortised cost:**

Receivables from Exchange Transactions	Department of transport and public works	4 734 596	4 301 432
Receivables from Exchange Transactions	Rental Debtors	7 878	3 543
Receivables from Non-Exchange Transactions	Other Receivables	594 081	1 110 493
Cash and Cash Equivalents	Bank Balances	1 484 757	1 807 530
Cash and Cash Equivalents	Call Deposits	11 200 686	9 500 263
Cash and Cash Equivalents	Cash on hand	1 380	1 293
<b>Total Financial Assets</b>		<b>18 023 379</b>	<b>16 724 554</b>



**37. FINANCIAL INSTRUMENTS (CONTINUED)**

		2024 R	2023 R
<b>37.2</b>	<b><u>Financial Liabilities</u></b>		
	<b><u>Classification</u></b>		
	<b>Trade and Other Payables from Exchange transactions</b>		
	Trade Payables	1 620 496	1 126 052
	Sundry Creditors	211 183	1 300
	Debtors with credit balances	4 121	2 152
	<b>Other liabilities</b>		
	Consumer deposits	-	1 500
	Capitalised Lease Liability (Current)	-	99 629
	Unspent Transfers and Subsidies	5 367 842	3 504 832
		<b>7 203 643</b>	<b>4 735 465</b>
		<b>2024 R</b>	<b>2023 R</b>
	<b>SUMMARY OF FINANCIAL LIABILITIES</b>		
	<b><u>Financial instruments at amortised cost:</u></b>		
	Trade and Other Payables	1 620 496	1 126 052
	Trade and Other Payables	211 183	1 300
	Trade and Other Payables	4 121	2 152
	Other liabilities	-	1 500
	Other liabilities	-	99 629
	Other liabilities	5 367 842	3 504 832
		<b>7 203 643</b>	<b>4 735 465</b>
		<b>2024 R</b>	<b>2023 R</b>

**38. STATUTORY RECEIVABLES**

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

**Taxes**

VAT Receivable	93 851	282 136
<b>Total Statutory Receivables (after provision)</b>	<b>93 851</b>	<b>282 136</b>

Statutory Receivables arises from the following legislation:

Taxes - Value Added Tax Act (No 89 of 1991)

Statutory receivables are initially measured at transaction value, and subsequently at cost.

The transaction value is determined with reference to the applicable legislation.

Statutory receivables disclosure has been amended to only reflect the VAT Control amount.

**39. IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**40. PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.



	2024 R	2023 R
<b>41. CONTINGENT LIABILITY</b>		
The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
<b>41.1 CKDM//DEPARTMENT OF TRANSPORT AND PUBLIC WORKS - WESTERN CAPE GOVERNMENT</b>		
Case no: 550/19 PA 190415 - 18 August 2016, Ford Bakkie swept away in river current.	-	-
Case no: 222/19 PA 180 217 & PA 180 220 - 14 April 2016, Collision of Swartberg Pass.	-	-
Case no: 577/21 PA 190 368 - 16 August 2018 Damage to yellow fleet vehicle in year	12 637 -	12 637 -
	<b>12 637</b>	<b>12 637</b>

The Municipality decided to no longer oppose claims 550/19 and 222/19 during the 2022/2023 financial year and a provision was disclosed to account for this.  
The provision remains in place at 30 June 2024.

Provisions for Claim 550/19 and 222/19 remain disclosed as such on 30 June 2024. Claim 577/21 is still in progress.

	2024 R	2023 R
<b>41.2 CKDM // CAPX INVOICE DISCOUNTING (PTY) LTD HIGH COURT CASE NO: 6615/2017</b>		
CKDM has been summonsed by the Plaintiff for payment of the amount of R 2 000 000, alternatively R 1 000 000.	2 000 000	2 000 000
The Plaintiff now wishes to enforce its rights in terms of the Session Agreement for monies which is due to them by Africa Creek.	/	/
	1 000 000	1 000 000

The cause of the action relates to the LGSETA project, in terms of which the implementing agent (Africa Creek) ceded its rights in terms of the Turnkey Service Level Agreement between CKDM and Africa Creek to CAPX Invoice Discounting (Pty) Ltd.

This claim is being defended by CKDM on the basis that the Turnkey Service Agreement between itself and Africa Creek has been validly terminated and that there is accordingly no funds payable to Africa Creek. The prospects in defending this claim is very good and there has been no movement on the matter for almost over four years now.

We do not think that this matter will proceed to trial.

This matter is still ongoing and we are still awaiting a trial date in the High Court.

The costs exposure for the Central Karoo District Municipality could range between R100 000.00 and R200 000.00, inclusive of all other fees that has been paid by the municipality this far.

**41.3 CKDM & AFRICA CREEK // ENTREPRENEURIAL BUSINESS SCHOOL (PTY) LTD / CB WILLIAMS TRAINING CC / BRIGHT IDEA PROJECTS 447 (PTY) LTD HIGH COURT CASE NO: 1723/2018**

The Plaintiff's cause of action against CKDM also relates to the LGSETA project, where Africa Creek was appointed as implementing agent and Africa Creek failed to pay the three Plaintiffs (Training Providers), monies which was due to the Plaintiff.

This claim has been defended by CKDM on the basis that Africa Creek is the party that is responsible for the payment of the Training Providers and not CKDM.

With regards to the prospects of success it is difficult to make a pronouncement of our prospects, as the Plaintiffs hold the municipality liable on the basis that Africa Creek acted as its agent and that the Central Karoo District Municipality as principal is therefore responsible for paying the Plaintiff's fees. This matter could go either way and it will in all probability have to be tried in Court.



**41. CONTINGENT LIABILITY (CONTINUED)**

The Plaintiff's attorneys have filed a Notice of Condonation, to condone the lateness and we have after thorough research found that they do not have to file a Notice of Condonation. We have in the meantime filed a Notice of Withdrawal of our Opposition.

The costs exposure for the Central Karoo District Municipality could range between R100 000.00 and R300 000.00.

There has been no movement on this matter for over four years now.

We do not think that this matter will proceed to trial.

		2024 R	2023 R
<b>41.4</b>	<b>FINANCIAL PERFORMANCE GUARANTEES FOR THE REHABILITATION OF LAND DISTURBED BY PROSPECT MINING IN TERMS OF THE EXECUTION OF ENVIRONMENTAL MANAGEMENT PLAN/PROGRAMME</b>		
	On 12 September 2012 the municipality entered into 16 financial performance guarantees with the Department of Mineral Resources amounting to R1 301 980 relating to the future rehabilitation of burrow pits. No movement on any of the guarantees have taken place since 2012 and there is no expectation that it will be taken up in the foreseeable future.	1 301 980	1 301 980
<b>41.5</b>	<b>CKDM // AFRICA CREEK HIGH COURT CASE NO: 21067/2019</b>		
	In this matter the Central Karoo District Municipality received a Summons for the amount of R2 595 750.00.	2 595 750	2 595 750
	The cause of action relates to the LG SETA project in terms of which Africa Creek was appointed as the Implementing Agent.		
	The cause of action relates to monies that is due to Africa Creek as a result of certain services that was rendered to CKDM by Africa Creek.		
	We confirm that we have served a Notice of Intention to defend the matter and a few Special Plea's as well as our Plea of Plaintiff's legal representatives.		
	Up until date we have not received any further pleadings or correspondence from the Plaintiff's legal representatives and at this stage it is unclear if the Plaintiff's will proceed with litigation in respect of this claim.		
	The financial exposure for the Central Karoo District Municipality could range between R100 000.00 and R250 000.00		
	There has been no movement on this matter for over four years now.		
	We do not think that this matter will proceed to trial.		
<b>41.6</b>	<b>CASE NO: WPC022306 CLAIMANT - MOEGAMAT RIDWAN ABDULLAH</b>		
	Arbitration proceedings based on an alleged unfair labour practice (unfair dismissal) was instituted by the former Chief Financial Officer who was dismissed for misconduct - has commenced against CKDM.	450 000	350 000
	The financial exposure is unknown for the Central Karoo District Municipality, but could amount to R450 000.		
<b>41.7</b>	<b>MNYAMEZELI JACKSON PENXA // CKDM &amp; 5 OTHERS</b>		
	The applicant brought an urgent application to set aside the appointment of the 4th Respondent as the Municipality Manager.	250 000	-
	The financial exposure is unknown for the Central Karoo District Municipality, but could amount to R250 000.		



**41. CONTINGENT LIABILITY (CONTINUED)**

**41.8 MEC OF LOCAL GOVERNMENT WESTERN CAPE & 2 OTHERS // CKDM & 4 OTHERS**

The applicants re-enrolled the matter on an urgent basis to compel the 1st to 5th respondent to comply with investigations and to disclose certain documents. We have proceeded to court carrying a watching brief that the MEC does not take order against the Municipality.

The financial exposure is unknown for the Central Karoo District Municipality, but could amount to R100 000.

**2024**  
**R**

**2023**  
**R**

100 000

-

**41.9 CKDM // SARS VAT TREATMENT REGARDING DEPARTMENT OF TRANSPORT AND PUBLIC WORKS**

The municipality does not levy input or pay output Value Added Tax (VAT) to the South African Revenue Service (SARS) for services rendered to/for the Department of Transport and Public Works related to the maintenance of roads in the district area.

During the audit of the previous financial year, this method of treatment was questioned by the Auditor General of South Africa, resulting in the Municipality subsequently requesting a VAT ruling from SARS.

A letter of correspondence was received from the South African Revenue Service dated 15 August 2024, in which SARS states that our application for a VAT ruling can not be accepted, based on the criteria set forth under the Tax Administration Act 28 of 2011 (the TA Act).

The following reason was provided:

**Section 80(1)(d)(i) of the TA Act**

*The application "involves an issue that is of a factual nature".*

*In this regard, it should be noted that the Commissioner for the South African Revenue Service cannot interpret the contractual arrangement between yourselves and the Western Cape Provincial Department of Transport and Public Works.*

*The South African Revenue Service, in consultation with National Treasury, the Auditor General and the Accountant General will release a grid that will provide clarity on the VAT consequences, based on the different contracting options.*

This GRID will determine the classification of each district Municipality and subsequently determine what if any VAT is payable or claimable, thus effecting whether or not a contingent asset or contingent liability is applicable to the Municipality.

The South African Revenue Service was thus not able to provide any indication of the possible effect on the Municipality, or when the final release date of this GRID would be by submission of the Annual financial statements.

A General Binding Ruling was received from SARS on 3 October 2024 in which the GRID was provided. Management however disagrees with the Auditor General's interpretation of what grid the municipality falls within. This matter thus remains a contingent liability.

**2024**  
**R**

**2023**  
**R**

**42. CONTINGENT ASSETS**

**42.1 2023**

During the 2020/2021 financial year an investigation into Unauthorised, Irregular, Fruitless and Wasteful expenditure was performed and the Council decided that the following amounts were recoverable from the individuals/party's listed below:

Mr S Jooste (Previous Municipal Manager) and Africa Creek Investment (Pty) Ltd and/or Mr Jonton Snyman and/or Mrs L Wilson

Mr S Jooste (Previous Municipal Manager) and NB Wilson & Associates and Mr Lance Wilson and Mrs Lorraine Wilson

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-

-

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These amounts are deemed to be written off as per the council resolution on 30 March 2023. No further action is to be taken.

**42.2 2023**

During the 2022/2023 financial year the Municipality's Fire engine truck was involved in an accident while out on call on 11 June 2023. Negotiations are ongoing with the insurance company regarding an amount that will be paid out due to the fact that the truck was not separately listed in the insurance policy.





**42. CONTINGENT ASSETS (CONTINUED)**

A clause within the insurance contract makes provisions for such omissions, but an outcome is still being awaited. The Insurance company only decided after year end that they were willing to send out an assessor and the Municipality cannot determine what, if any funds they will receive as an insurance claim payment.

**2024**

On Monday 6 November 2023, Guardrisk took a decision to honour the insurance claim on the Fire truck, with the proviso that CDKM settle an invoice for the insurance premiums owed regarding the truck. This was conveyed to the municipality via email correspondence.

The Acceptance of loss letter received was dated at 28 March 2024, where the net settlement amount of R1 038 897.60 was indicated as being payable to the municipality. Payment was received on 12 April 2024.

**42.3 2024**

Member of the Executive Council for Local Government, Environmental Affairs and Development Planning Western Cape Province & 2 Others// CKDM & 5 Others CASE NR. 4567/24

Non-compliance with the requests of the forensic auditors (2nd and 3rd applicants) appointed by the First applicant in an official investigation in terms of Section 106 of the Municipal Systems Act. We won the court case, with costs on 26/04/2024.

The cost account entered by our attorneys amounted to R419 923.94.

We are however unsure of the amount of legal fees to be recouped, due to the fact that the Bill of Costs in respect of fees and disbursements due is still required to be taxed by the Taxing Master of the High Court.

**42.4 2024**

**POTENTIAL EXPANDED PUBLIC WORKS FRAUD INVOLVING GHOST EMPLOYEES**

During the financial year a SAPS case number 117/5/2024 was opened against an employee at the Municipality on 13 May 2024 relating to potential ghost employees being paid as EPWP workers. This case is still ongoing and is being handled by the South African Police Services. The Municipality would potentially want to recoup some of the monies lost due to fraudulent activities from the employee's pension fund, should they be found guilty.

**43. RELATED PARTIES**

**Related party relationships**

Councillors and Management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

**43.1 Councillor's arrear accounts - [MFMA 124 (1)(b)]**

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

	Outstanding less than 90 days	Outstanding more than 90 days	Total
<i>Councillor J Bostander</i>	-	46 714	46 714
<i>Councillor M Furman</i>	-	22 552	22 552
<i>Councillor EZ Njadu</i>	-	41 192	41 192
<i>Councillor M Daniels</i>	-	737	737
<i>Councillor J Jonas</i>	-	4 515	4 515
<i>Councillor GP Adolph</i>	-	2 511	2 511
<i>Councillor JP de Bruyn</i>	-	8 332	8 332
<i>Councillor JD van der Linde</i>	-	639	639
<i>Councillor SD Koonthea</i>	-	635	635
<i>Councillor AJ MacKay</i>	-	123 457	123 457
	-	<b>251 283</b>	<b>251 283</b>

Amounts included in Receivables from non-exchange transactions consist out of outstanding monies to be recovered from Councillors and previous Mayors due to upper limit changes and travel and lodging claimed, but not spent.

The remuneration of Councillors is set out in note 23 of the Annual Financial Statements.

**43.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 22 of the Annual Financial Statements.



**43. RELATED PARTIES (CONTINUED)**

**43.3 Current Employee Benefits**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2024:

Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid	Total
Municipal Manager	34 742	-	196 901	231 644
Chief Financial Officer	-	-	14 833	14 833
Head: Corporate Services	-	245 777	103 063	348 840
	<b>34 742</b>	<b>245 777</b>	<b>314 796</b>	<b>595 316</b>

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2023:

Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid	Total
Municipal Manager	122 911	83 506	28 836	235 253
Chief Financial Officer	85 699	155 841	37 364	278 904
Head: Corporate Services	19 531	393 802	68 739	482 073
	<b>228 142</b>	<b>633 149</b>	<b>134 939</b>	<b>996 230</b>

**43.5 Other related party transactions**

There were no purchases made during the year where Councillors or Senior Management had an interest.

**44. FINANCIAL SUSTAINABILITY**

The indicators of conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

<b>Current Ratio (Current assets exceeded Current liabilities)</b>	1.46:1	1.96:1
<b>Cash Cost Coverage Ratio</b>	0.72 Months	0.82 Months
	<b>R</b>	<b>R</b>
<b>Accumulated Surplus</b>	10 146 435	11 896 344

The definition of going concern is that there is no reason to believe that an institution will have to close down or liquidate in the foreseeable future and at least, but not limited to 12 months. The financial statements for this municipality have been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following the reporting date.

Management has prepared the Annual Financial Statements on the Going Concern Basis. Management is aware of the current disagreement regarding the treatment of VAT on allocations received for the operating of roads on behalf of the Provincial government - General Binding Ruling 74 - received from SARS on 3 October 2024, but still operates under the assumption that we will remain a going concern for the foreseeable future.

**45. EVENTS AFTER REPORTING PERIOD**

**Adjusting Subsequent event**

Subsequent to the Judgement received from Judge DM Thulare of the High Court on 5 June 2024, further legal costs have been incurred regarding this matter after year end. A provision was created to address the additional legal fees that originated from the first judgement, but were only billed after year end to the Municipality.

A General Binding Ruling was received from SARS on 3 October 2024 in which the GRID was provided. Management however disagrees with the Auditor General's interpretation of what grid the municipality falls within. This matter thus remains a contingent liability as it is unresolved.

**46. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT**

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



**47 REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2024**

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

**The key functional segments comprise of:**

**PRIMARY SEGMENTS**

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
<b>Vote 1 - Executive &amp; Council</b>	1.1 - Council General Expenses	Aggregated	Governance and Administration	Supporting service departments
	1.2 - EDA	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 2 - Municipal Manager</b>	2.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Internal Audit	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 3 - Financial Services</b>	3.1 - Financial Services	Aggregated	Governance and Administration	Supporting service departments
	3.2 - District Council Levies	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Finance Management Grant	Aggregated	Governance and Administration	Supporting service departments
	4.1 - Corporate Services	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 4 - Corporate Services</b>	4.2 - Tourism	Aggregated	Governance and Administration	Supporting service departments
	4.3 - Strategic Planning	Aggregated	Governance and Administration	Supporting service departments
	4.4 - Environmental health	Individually Reported	Environment health	Inspect landfill sites, air quality monitoring, health inspections at shops
	4.5 - Civil Defence	Individually Reported	Disaster Management	Fire Services Support
	4.6 - LED	Aggregated	Governance and Administration	Supporting service departments
	4.7 - Work for water	Aggregated	Governance and Administration	Supporting service departments
	4.8 - IDP	Aggregated	Governance and Administration	Supporting service departments
	4.9 - Human Resources	Aggregated	Governance and Administration	Supporting service departments
	5.1 - Roads	Individually Reported	Roads Function	Administering the roads function on behalf of Province.
<b>Vote 5 - Technical Services</b>				

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

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.





CENTRAL KAROO DISTRICT MUNICIPALITY						
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024						
	Governance and Administration	Environment health	Disaster Management	Roads Function	Non-Reportable	Total
	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>						
External revenue from exchange transactions	9 025 143	5 987	-	65 781 515	-	74 812 645
Rental from Fixed Assets	65 859	-	-	-	-	65 859
Interest earned from Current and Non Current Assets	1 704 944	-	-	-	-	1 704 944
Licences and Permits	55 263	-	-	-	-	55 263
Agency services	6 001 042	-	-	-	-	6 001 042
Operational Revenue	1 198 035	5 987	-	65 781 515	-	66 985 537
<b>External revenue from non-exchange transactions</b>	<b>46 546 708</b>	<b>-</b>	<b>75 010</b>	<b>-</b>	<b>-</b>	<b>46 621 718</b>
Transfers and subsidies - Operational	45 510 554	-	75 010	-	-	45 585 564
Other Gains	1 036 154	-	-	-	-	1 036 154
<b>Revenue from transactions with other segments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Internal Revenue	-	-	-	-	-	-
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>55 571 851</b>	<b>5 987</b>	<b>75 010</b>	<b>65 781 515</b>	<b>-</b>	<b>121 434 363</b>
<b>SEGMENT EXPENDITURE</b>						
Employee Related Costs	25 561 301	5 639 699	1 594 574	35 033 272	-	67 828 847
Remuneration of Councillors	4 974 967	-	-	-	-	4 974 967
Debt Impairment	-	-	-	-	-	-
Depreciation and amortisation	211 074	20 178	495 677	62 522	-	789 451
Interest	839 130	-	-	3 613	-	842 743
Inventory consumed	271 943	23 757	47 598	13 762 545	-	14 105 844
Contracted Services	6 718 794	124 910	23 393	4 019 941	-	10 887 037
Transfers and subsidies	1 199 265	-	-	-	-	1 199 265
Irrecoverable debts written off	-	-	-	-	-	-
Operational costs	8 903 641	291 021	216 310	13 144 202	-	22 555 174
Losses on Disposal of Assets	-	29	916	-	-	944
Other Losses	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-
<b>Total Segment Expenditure</b>	<b>48 680 116</b>	<b>6 099 594</b>	<b>2 378 468</b>	<b>66 026 095</b>	<b>-</b>	<b>123 184 272</b>
<b>Surplus/(Deficit)</b>	<b>6 891 735</b>	<b>(6 093 607)</b>	<b>(2 303 458)</b>	<b>(244 580)</b>	<b>-</b>	<b>(1 749 910)</b>
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>6 891 735</b>	<b>(6 093 607)</b>	<b>(2 303 458)</b>	<b>(244 580)</b>	<b>-</b>	<b>(1 749 910)</b>
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>6 891 735</b>	<b>(6 093 607)</b>	<b>(2 303 458)</b>	<b>(244 580)</b>	<b>-</b>	<b>(1 749 910)</b>
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>6 891 735</b>	<b>(6 093 607)</b>	<b>(2 303 458)</b>	<b>(244 580)</b>	<b>-</b>	<b>(1 749 910)</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>6 891 735</b>	<b>(6 093 607)</b>	<b>(2 303 458)</b>	<b>(244 580)</b>	<b>-</b>	<b>(1 749 910)</b>
* A reconciliation is not required between the Segment Report's revenue and expenditure and that of the Annual Financial Statements, as they are in balance.	-	-	-	-	-	-
<b>Capital Expenditure for the year</b>	<b>1 087 513</b>	<b>74 317</b>	<b>-</b>	<b>879 152</b>	<b>-</b>	<b>2 040 982</b>

CENTRAL KAROO DISTRICT MUNICIPALITY  
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Governance and Administration		Environment health		Disaster Management		Roads Function		Non-Reportable		Total	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>												
External revenue from exchange transactions	7 136 398	-	-	-	-	-	60 528 654	-	-	-	67 665 051	
Rental from Fixed Assets	96 190	-	-	-	-	-	-	-	-	-	96 190	
Interest earned from Current and Non Current Assets	1 298 247	-	-	-	-	-	-	-	-	-	1 298 247	
Licences and Permits	47 241	-	-	-	-	-	-	-	-	-	47 241	
Operational Revenue	5 694 720	-	-	-	-	-	60 528 654	-	-	-	66 223 373	
External revenue from non-exchange transactions	45 533 216	-	-	24 990	-	-	-	-	-	-	45 558 206	
Transfers and subsidies - Operational	42 968 986	-	-	24 990	-	-	-	-	-	-	42 993 976	
Other Gains	2 564 230	-	-	-	-	-	-	-	-	-	2 564 230	
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	-	
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	

Total Segment Revenue (excluding capital transfers and contributions)

52 669 614 - 24 990 60 528 654 - 113 223 257

SEGMENT EXPENDITURE

Employee Related Costs	22 161 722	4 905 440	1 706 404	-	-	-	33 649 667	-	-	-	62 423 233	
Remuneration of Councilors	4 829 376	-	-	-	-	-	-	-	-	-	4 829 376	
Debt Impairment	89 823	-	-	-	-	-	-	-	-	-	89 823	
Depreciation and amortisation	273 528	18 128	632 196	-	-	49 840	-	-	-	-	973 691	
Interest	833 145	-	-	-	-	1 021	-	-	-	-	834 165	
Inventory consumed	266 146	7 351	106 704	-	-	-	12 219 115	-	-	-	12 598 317	
Contracted Services	6 363 645	85 131	-	-	-	-	3 042 431	-	-	-	9 491 206	
Transfers and subsidies	1 532 684	-	-	-	-	-	-	-	-	-	1 532 684	
Irrecoverable debts written off	-	-	-	-	-	-	-	-	-	-	-	
Operational costs	9 961 088	327 150	120 938	-	-	-	12 411 172	-	-	-	22 820 349	
Other Losses	54 077	79	1 881 364	-	-	-	-	-	-	-	1 935 520	
Internal charges	-	-	-	-	-	-	-	-	-	-	-	

Total Segment Expenditure

46 365 234 5 343 279 4 447 606 61 373 246 - 117 529 365

Surplus/(Deficit)

6 304 379 (5 343 279) (4 422 616) (844 592) - (4 306 108)

Transfers and subsidies - capital (monetary allocations)

- - - - -

Surplus/(Deficit) after Capital Transfers & Contributions

6 304 379 (5 343 279) (4 422 616) (844 592) - (4 306 108)

Taxation

- - - - -

Surplus/(Deficit) after Taxation

6 304 379 (5 343 279) (4 422 616) (844 592) - (4 306 108)

Attributable to Minorities

- - - - -

Surplus/(Deficit) Attributable to Municipality

6 304 379 (5 343 279) (4 422 616) (844 592) - (4 306 108)

Share of Surplus/(Deficit) of Associate

- - - - -

Surplus/(Deficit) for the year

6 304 379 (5 343 279) (4 422 616) (844 592) - (4 306 108)

\* A reconciliation is not required between the Segment Report's revenue and expenditure and that of the Annual Financial Statements, as they are in balance.

Capital Expenditure for the year

982 646 22 128 - - 1 004 775



**APPENDIX A**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Start date</b>	<b>Balance at 30 June 2023</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2024</b>
<b>LEASE LIABILITY</b>						
Ricoh IMC3500 3110R610607	7.00%	01/03/2021	20 269	-	(20 269)	-
Ricoh IMC3500 3110R610518	7.00%	01/03/2021	20 269	-	(20 269)	-
Ricoh IMC3500 3110R610806	7.00%	01/03/2021	20 269	-	(20 269)	-
Ricoh MP6503SP G659C970117	7.00%	01/03/2021	38 821	-	(38 821)	-
<b>Total Lease Liabilities</b>			<b>99 629</b>	<b>-</b>	<b>(99 629)</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>99 629</b>	<b>-</b>	<b>(99 629)</b>	<b>-</b>

APPENDIX B  
CENTRAL KAROO DISTRICT MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2023	Correction of Error	Restated Balance 30 June 2023	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Vat transferred to revenue	Balance 30 June 2024	Unspent 30 June 2024 (Creditor)	Unpaid 30 June 2024 (Debtor)
<b>National Government Grants</b>											
Equitable Share	-	-	-	37 712 000	-	-	(37 712 000)	-	-	-	-
Local government financial management grant	46	-	46	1 000 000	-	-	(787 311)	(51 855)	122 513	122 513	-
Expanded public works programme integrated grant for municipalities	-	-	-	2 314 000	-	-	(2 312 738)	-	-	-	-
Rural Asset Management Grant (RAMS)	1 031 002	-	1 031 002	2 063 000	(1 031 000)	(1 316 426)	(535 949)	(182 199)	28 430	28 430	-
<b>Total National Government Grants</b>	<b>1 031 049</b>	<b>-</b>	<b>1 031 049</b>	<b>43 089 000</b>	<b>(1 031 000)</b>	<b>(42 128 475)</b>	<b>(574 315)</b>	<b>(235 316)</b>	<b>150 943</b>	<b>150 943</b>	<b>-</b>
<b>Provincial Government Grants</b>											
Western Cape Financial Management Capacity Building Grant	143 234	-	143 234	-	(56 161)	(87 073)	-	-	-	-	-
Western Cape Financial Management Capacity Building Grant	200 000	-	200 000	-	-	(170 594)	-	-	29 406	29 406	-
Safety Initiative Implementation - Whole of Society Approach (WOSA)	-	-	-	540 000	-	(507 219)	-	-	32 781	32 781	-
Western Cape Municipal Intervention Grant	-	-	-	800 000	-	(100 000)	-	-	700 000	700 000	-
Western Cape Financial Management Support Grant	9 485	-	9 485	-	(9 485)	-	-	-	-	-	-
Municipal Service Delivers and Capacity Building Grant	-	-	-	400 000	-	(7 741)	-	-	392 259	392 259	-
Fire Service Capacity Building Grant	-	-	-	500 000	-	-	-	-	500 000	500 000	-
Local Government Public Employment Support Grant	200 000	-	200 000	-	-	-	-	-	200 000	200 000	-
Joint District and Metro Approach Grant	993 247	-	993 247	-	-	(499 123)	-	-	494 124	494 124	-
Local Government Emergency Load-shedding Relief Grant	350 000	-	350 000	-	-	-	(275 981)	(41 397)	32 622	32 622	-
Municipal Water Resilience Grant	-	-	-	2 400 000	-	-	-	-	2 400 000	2 400 000	-
Local Government Internship Grant	75 010	-	75 010	-	-	(75 010)	-	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>1 970 975</b>	<b>-</b>	<b>1 970 975</b>	<b>4 640 000</b>	<b>(65 646)</b>	<b>(1 446 760)</b>	<b>(275 981)</b>	<b>(41 397)</b>	<b>4 781 192</b>	<b>4 781 192</b>	<b>-</b>
<b>Other Grant Providers</b>											
The Chemical Industries Education and Training Authority	216 304	-	216 304	595 900	-	(576 135)	-	(14 960)	221 108	221 108	-
Local Government Sector and Training Authority	201 784	-	201 784	-	-	-	-	-	201 784	201 784	-
Local Government Sector and Training Authority (LGLDP - 202331655 & 20233368)	38 160	-	38 160	145 800	-	(164 148)	-	(24 622)	(4 810)	-	(4 810)
Local Government Sector and Training Authority (LGLDP - 20239677)	16 560	-	16 560	74 520	-	(90 880)	-	(12 575)	(12 375)	-	(12 375)
Nedbank Winter Outreach Programme	30 000	-	30 000	-	-	-	-	-	30 000	30 000	-
<b>Total Other Grant Providers</b>	<b>502 808</b>	<b>-</b>	<b>502 808</b>	<b>816 220</b>	<b>-</b>	<b>(831 163)</b>	<b>-</b>	<b>(52 158)</b>	<b>452 892</b>	<b>452 892</b>	<b>(17 185)</b>
<b>Total Grants</b>	<b>3 504 832</b>	<b>-</b>	<b>3 504 832</b>	<b>48 545 220</b>	<b>(1 096 646)</b>	<b>(44 406 397)</b>	<b>(850 296)</b>	<b>(328 871)</b>	<b>5 385 027</b>	<b>5 385 027</b>	<b>(17 185)</b>

The Unspent Grants are cash-backed by term deposits.