

# NAMAKWA DISTRICT MUNICIPALITY



## ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2022

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# NAMAKWA DISTRICT MUNICIPALITY

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# NAMAKWA DISTRICT MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Namakwa Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### 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 Namakwa District Municipality includes the municipal areas of Khai-Ma Municipality, Nama Khoi Municipality, Richtersveld Municipality, Kamiesberg Municipality, Hantam Municipality and Karoo Hoogland Municipality.

#### EXECUTIVE MAYOR

MJ Cloete

#### SPEAKER

GY Pieters

#### MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	MJ Cloete
Executive Councillor	PA Van Heerden
Executive Councillor	JH Wilschut
Executive Councillor	EC Oliphant

#### MUNICIPAL MANAGER

CJ Fortuin

#### CHIEF FINANCIAL OFFICER

R Datadin

#### REGISTERED OFFICE

Private Bag X20  
SPRINGBOK  
8240

#### AUDITORS

Office of the Auditor-General (Province)

#### PRINCIPLE BANKERS

Nedbank

#### CONTACT INFORMATION

Telephone number: (027) 712 8000  
Email address: [info@namakwa-dm.gov.za](mailto:info@namakwa-dm.gov.za)  
Website: <http://www.namakwa-dm.gov.za>

# NAMAKWA DISTRICT MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### GENERAL INFORMATION

#### ATTORNEYS

Schreuders Attorneys  
Wessels and Smith Inc  
Matthews & Partners  
Ettiene Vermaak Attorneys  
Webber Wentzel Attorneys

#### RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements  
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)  
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  
Water Services Act (Act no 108 of 1997)

#### MEMBERS OF THE NAMAKWA DISTRICT MUNICIPALITY

MJ Cloete	Mayor
GY Pieters	Speaker
PA Van Heerden	Member of the Executive Committee
JH Wilschut	Member of the Executive Committee
EC Oliphant	Member of the Executive Committee
E Hough	Member
AM Julie	Member
CR Warne	Member
CA Waterboer	Member
TF Bantom	Member
RD Thomas	Member
ZP De Jongh	Member
AM Beukes	Member
GJ Coetzee	Member
JC Losper	Member
S Cloete	Member
RJ Cloete	Member
RH Cloete	Member
BC Brandt	Member



# NAMAKWA DISTRICT MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2022, which are set out on pages 1 to 116 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.

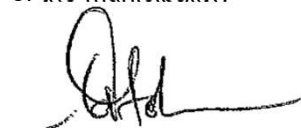
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2023 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.



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CJ Fortuin  
Municipal Manager

31/08/2022

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Date

# **NAMAKWA DISTRICT MUNICIPALITY**

## **REPORT OF THE AUDITOR GENERAL**

# NAMAKWA DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R	2021 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>6 113 966</b>	<b>6 944 601</b>
Property, Plant and Equipment	2	5 714 166	6 560 422
Investment Property	3	44 681	52 374
Intangible Assets	4	355 119	331 805
<b>Current Assets</b>		<b>10 100 760</b>	<b>9 618 102</b>
Receivables from Exchange Transactions	5	364 651	633 038
Receivables from Non-exchange Transactions	6	590 675	3 842 666
Taxes	14.3	-	330 987
Cash and Cash Equivalents	7.1	9 145 434	4 811 411
<b>Total Assets</b>		<b>16 214 726</b>	<b>16 562 703</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>18 680 366</b>	<b>20 090 339</b>
Long-term Borrowings	8	14 366	45 339
Non-current Employee Benefits	9	18 666 000	20 045 000
<b>Current Liabilities</b>		<b>8 982 714</b>	<b>8 228 500</b>
Consumer Deposits	10	8 005	8 005
Current Employee Benefits	11	4 478 320	4 704 803
Trade and Other Payables from Exchange Transactions	12	3 639 343	2 881 947
Unspent Transfers and Subsidies	13	685 121	514 322
Taxes	14.3	140 952	-
Current Portion of Long-term Borrowings	8	30 973	119 423
<b>Total Liabilities</b>		<b>27 663 080</b>	<b>28 318 839</b>
<b>Net Assets</b>		<b>(11 448 354)</b>	<b>(11 756 136)</b>
Capital Replacement Reserve	15	101 551	64 781
Accumulated Surplus/(Deficit)		(11 549 905)	(11 820 917)
<b>Total Net Assets and Liabilities</b>		<b>16 214 726</b>	<b>16 562 703</b>

# NAMAKWA DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R	2021 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>60 187 629</b>	<b>59 226 119</b>
<b>Transfer Revenue</b>		<b>57 974 398</b>	<b>59 226 119</b>
Government Grants and Subsidies	16	57 967 201	59 226 119
Contributed Property, Plant and Equipment	17	7 197	-
<b>Other Revenue</b>		<b>2 213 231</b>	<b>-</b>
Actuarial Gains	9	2 213 231	-
<b>Revenue from Exchange Transactions</b>		<b>7 169 804</b>	<b>5 354 737</b>
Sales of Goods and Rendering of Services	18	2 542 245	-
Rental from Fixed Assets	19	1 212 000	1 134 424
Interest Earned - External Investments	20	615 642	543 017
Interest Earned - Exchange Transactions	21	54 110	67 439
Operational Revenue	22	2 745 807	3 609 857
<b>Total Revenue</b>		<b>67 357 433</b>	<b>64 580 856</b>
<b>EXPENDITURE</b>			
Employee related costs	23	(40 230 493)	(39 185 658)
Remuneration of Councillors	24	(3 971 596)	(3 597 488)
Contracted Services	25	(9 132 690)	(9 676 431)
Depreciation and Amortisation	26	(1 435 474)	(1 568 603)
Actuarial Losses	9	(79 277)	(2 602 466)
Finance Costs	27	(1 837 162)	(1 516 966)
Operating Leases		(66 760)	(23 308)
Transfers and Subsidies	28	(436 051)	(705 395)
Operational Costs	29	(9 904 841)	(9 007 726)
<b>Total Expenditure</b>		<b>(67 094 344)</b>	<b>(67 884 042)</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>263 089</b>	<b>(3 303 185)</b>
Reversal of Impairment Loss/(Impairment Loss) on Receivables	30	56 105	116 959
Gains/(Loss) on Sale of Fixed Assets	31	(9 258)	(1 594)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	32	(2 154)	(11 017)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>307 782</b>	<b>(3 198 837)</b>

# NAMAKWA DISTRICT MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Capital Replacement Reserve  R	Accumulated Surplus/ (Deficit)  R	Total  R
<b>Balance at 1 July 2020</b>	<b>96 745</b>	<b>(8 378 644)</b>	<b>(8 281 899)</b>
Correction of Error - Note 34.4	-	(275 399)	(275 399)
<b>Restated balance</b>	<b>96 745</b>	<b>(8 654 043)</b>	<b>(8 557 299)</b>
Net Surplus/(Deficit) for the year	-	(3 198 837)	(3 198 837)
Net Surplus/(Deficit) previously reported	-	(3 368 480)	(3 368 480)
Effects of Correction of Errors - Note 34.5		169 644	169 644
Transfer to/from CRR	418 805	(418 805)	-
Property, Plant and Equipment purchased	(450 768)	450 768	-
<b>Restated balance at 30 June 2021</b>	<b>64 781</b>	<b>(11 820 917)</b>	<b>(11 756 135)</b>
Net Surplus/(Deficit) for the year	-	307 782	307 782
Transfer to/from CRR	532 519	(532 519)	-
Property, Plant and Equipment purchased	(495 749)	495 749	-
<b>Balance at 30 June 2022</b>	<b>101 551</b>	<b>(11 549 905)</b>	<b>(11 448 353)</b>

# NAMAKWA DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R	2021 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Other Revenue		10 137 842	5 443 618
Government - Operating		58 019 121	58 130 279
Government - Capital		118 879	678 841
Interest		615 642	543 017
Cash payments			
Employees		(45 442 618)	(43 633 781)
Suppliers		(17 874 955)	(18 554 924)
Finance Charges		(68 162)	(22 966)
Transfers and Grants		(436 051)	(706 445)
<b>Net Cash from Operating Activities</b>	<b>35</b>	<b>5 069 697</b>	<b>1 877 640</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(531 640)	(901 909)
Purchase of Intangible Assets		(84 611)	(198 082)
<b>Net Cash from Investing Activities</b>		<b>(616 251)</b>	<b>(1 099 992)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowing		(119 423)	(154 545)
<b>Net Cash from Financing Activities</b>		<b>(119 423)</b>	<b>(154 545)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4 334 023</b>	<b>623 104</b>
Cash and Cash Equivalents at the beginning of the year		4 811 411	4 188 307
Cash and Cash Equivalents at the end of the year	<b>36</b>	<b>9 145 434</b>	<b>4 811 411</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4 334 023</b>	<b>623 104</b>

**NAMAKWA DISTRICT MUNICIPALITY**  
**REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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 - Municipal Manager</b>	1.1 - Council: Councillors	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Council Expenditure	Aggregated	Governance and administration	Supporting service departments
	1.3 - Executive Mayor	Aggregated	Governance and administration	Supporting service departments
	1.4 - Internal Audit and Audit Committee	Aggregated	Governance and administration	Supporting service departments
	1.5 - Mayor - PA	Aggregated	Governance and administration	Supporting service departments
	1.6 - Municipal Manager	Aggregated	Governance and administration	Supporting service departments
	1.7 - Municipal Manager - Admin	Aggregated	Governance and administration	Supporting service departments
	1.8 - Housing	Individually Reported	Housing	Housing
	1.9 - Speaker	Aggregated	Governance and administration	Supporting service departments
	1.10 - Speaker PA	Aggregated	Governance and administration	Supporting service departments
<b>Vote 2 - Manager: Corporate Services</b>	2.1 - Administration	Aggregated	Governance and administration	Supporting service departments
	2.2 - Human Resources	Aggregated	Governance and administration	Supporting service departments
	2.3 - Council Buildings	Aggregated	Governance and administration	Supporting service departments
	2.4 - Council Vehicles	Aggregated	Governance and administration	Supporting service departments
	2.5 - Equitable Share Admin	Aggregated	Governance and administration	Supporting service departments
<b>Vote 3 - Manager: Economic Development</b>	3.1 - Economic Development	Aggregated	Economic and environmental services	Economic Development
	3.2 - Fish Factory	Aggregated	Economic and environmental services	Economic Development
	3.3 - Harbour	Aggregated	Economic and environmental services	Economic Development
	3.4 - Project Manager SLP	Aggregated	Economic and environmental services	Economic Development
	3.5 - Tourism	Individually Reported	Other	Tourism
	3.6 - Working for Water	Aggregated	Economic and environmental services	Economic Development
	3.7 - Planning	Aggregated	Economic and environmental services	Economic Development
	3.8 - Council Projects	Aggregated	Economic and environmental services	Economic Development
	3.9 - Project Management	Aggregated	Economic and environmental services	Economic Development
	3.10 - Housing	Aggregated	Economic and environmental services	Economic Development
<b>Vote 4 - Manager Environmental Health</b>	4.1 - Ambulance	Aggregated	Community and public safety	Supporting service departments
	4.2 - Environmental Health	Aggregated	Community and public safety	Municipal Health Services and
	4.3 - Law Enforcement	Aggregated	Community and public safety	Environmental Health Services
	4.4 - Primary Health	Aggregated	Community and public safety	
	4.5 - Safety	Aggregated	Community and public safety	
<b>Vote 5 - Manager: Finance</b>	5.1 - Finance	Aggregated	Governance and administration	Supporting service departments
<b>Vote 6 - Manager: Roads</b>	6.1 - Plant and Equipment	Aggregated	Economic and environmental services	Roads Function
	6.2 - Roads	Aggregated	Economic and environmental services	
<b>Vote 7 - Manager: Municipal Support Unit</b>	7.1 - Municipal Support Unit	Aggregated	Governance and administration	Supporting service departments

**SECONDARY SEGMENTS**

mSCOA Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and Council	Aggregated	Governance and Administration	Supporting service departments
	Finance and Administration	Aggregated	Governance and Administration	Supporting service departments
	Internal Audit	Aggregated	Governance and Administration	Supporting service departments
• Community and Public Safety	Community and Social Services	Aggregated	Community and public safety	Municipal Health Services, Environmental
	Public safety	Aggregated	Community and public safety	Health Services and Housing.
	Housing	Aggregated	Community and public safety	
	Health	Aggregated	Community and public safety	
• Economic and Environmental Services	Planning and Development	Aggregated	Economic and environmental services	Local Economic Development
	Road Transport	Aggregated	Economic and environmental services	Roads Function
	Environmental Protection	Aggregated	Economic and environmental services	Environmental Protection
• Housing	Housing	Individually Reported	Housing	Housing
• Other	Tourism	Individually Reported	Other	Tourism



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.

NAMAKWA DISTRICT MUNICIPALITY						
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022						
	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>						
<b>External revenue from exchange transactions</b>	9 810 563	87 575	-	-	-	9 898 138
Service Charges - Electricity Revenue	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-
Rental of Facilities and Equipment	-	-	-	-	-	-
Interest Earned - External Investments	615 642	-	-	-	-	615 642
Interest Earned - Exchange Transactions	54 110	-	-	-	-	54 110
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Other Revenue	9 140 811	87 575	-	-	-	9 228 386
<b>External revenue from non-exchange transactions</b>	54 600 188	133 929	-	3 240 280	-	57 974 398
Fines	-	-	-	-	-	-
Transfers Recognised - Operational	54 600 188	133 929	-	3 240 280	-	57 974 398
Property Rates	-	-	-	-	-	-
Availability Charges	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Gains	-	-	-	-	-	-
<b>Revenue from transactions with other segments</b>	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>64 410 751</b>	<b>221 504</b>	<b>-</b>	<b>3 240 280</b>	<b>-</b>	<b>67 872 536</b>
<b>SEGMENT EXPENDITURE</b>						
Employee Related Costs	(22 140 921)	(9 903 260)	-	(6 767 906)	(1 497 684)	(40 309 770)
Remuneration of Councillors	(3 971 596)	-	-	-	-	(3 971 596)
Debt Impairment	56 105	-	-	-	-	56 105
Depreciation and Asset Impairment	(1 165 497)	(123 545)	-	(139 424)	(7 007)	(1 435 474)
Finance Costs	(1 795 202)	-	-	(18 920)	(23 040)	(1 837 162)
Bulk Purchases	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-
Contracted Services	(6 760 564)	(78 025)	-	(2 800 953)	(8 251)	(9 647 793)
Transfers and Grants	(436 051)	-	-	-	-	(436 051)
Other Expenditure	(8 348 446)	(988 072)	-	(587 171)	(47 911)	(9 971 601)
Losses	(1 899)	(9 114)	-	(215)	(183)	(11 412)
<b>Expenditure from transactions with other segments</b>	-	-	-	-	-	-
Internal Charges	-	-	-	-	-	-
<b>Total Segment Expenditure</b>	<b>(44 564 071)</b>	<b>(11 102 015)</b>	<b>-</b>	<b>(10 314 590)</b>	<b>(1 584 077)</b>	<b>(67 564 754)</b>
<b>Surplus/(Deficit)</b>	<b>19 846 680</b>	<b>(10 880 511)</b>	<b>-</b>	<b>(7 074 310)</b>	<b>(1 584 077)</b>	<b>307 782</b>

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
Transfers Recognised - Capital	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	19 846 680	(10 880 511)	-	(7 074 310)	(1 584 077)	307 782
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	19 846 680	(10 880 511)	-	(7 074 310)	(1 584 077)	307 782
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	19 846 680	(10 880 511)	-	(7 074 310)	(1 584 077)	307 782
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	19 846 680	(10 880 511)	-	(7 074 310)	(1 584 077)	307 782

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
<b>OTHER INFORMATION</b>						
Segment Assets	-	-	-	-	16 214 726	16 214 726
Segment liabilities	-	-	-	-	(27 663 080)	(27 663 080)
Additions to non-current assets	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-

NAMAKWA DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Community and Public Safety	Economic and Environmental Services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>										
External revenue from exchange transactions	87 575	-	-	-	-	-	-	9 810 563	-	9 898 138
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	-	-	-	-	-	-	-	-	-	-
Interest Earned - External Investments	-	-	-	-	-	-	-	615 642	-	615 642
Interest Earned - Exchange Transactions	-	-	-	-	-	-	-	54 110	-	54 110
Licences and Permits	-	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-	-
Other Revenue	87 575	-	-	-	-	-	-	9 140 811	-	9 228 386
External revenue from non-exchange transactions	133 929	2 990 280	-	-	-	-	-	54 600 188	250 000	57 974 398
Dividends Received	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	133 929	2 990 280	-	-	-	-	-	54 600 188	250 000	57 974 398
Property Rates	-	-	-	-	-	-	-	-	-	-
Availability Charges	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Gains	-	-	-	-	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-
<b>Total Segment Revenue (excluding capital transfers and</b>	<b>221 504</b>	<b>2 990 280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64 410 751</b>	<b>250 000</b>	<b>67 872 536</b>
<b>SEGMENT EXPENDITURE</b>										
Employee Related Costs	(9 903 260)	(5 971 332)	-	-	-	-	(1 497 684)	(22 140 921)	(796 575)	(40 309 770)
Remuneration of Councillors	-	-	-	-	-	-	-	(3 971 596)	-	(3 971 596)
Debt Impairment	-	-	-	-	-	-	-	56 105	-	56 105
Depreciation and Asset Impairment	(123 545)	(139 424)	-	-	-	-	(7 007)	(1 165 497)	-	(1 435 474)
Finance Costs	-	(18 920)	-	-	-	-	(23 040)	(1 795 202)	-	(1 837 162)
Bulk Purchases	-	-	-	-	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-	-	-	-	-
Contracted Services	(78 025)	(2 800 953)	-	-	-	-	(8 251)	(6 760 564)	-	(9 647 793)
Transfers and Grants	-	-	-	-	-	-	-	(436 051)	-	(436 051)
Other Expenditure	(988 072)	(524 287)	-	-	-	-	(47 911)	(8 348 446)	(62 884)	(9 971 601)
Losses	(9 114)	(215)	-	-	-	-	(183)	(1 899)	-	(11 412)
Internal charges	-	-	-	-	-	-	-	-	-	-
<b>Total Segment Expenditure</b>	<b>(11 102 015)</b>	<b>(9 455 131)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 584 077)</b>	<b>(44 564 071)</b>	<b>(859 459)</b>	<b>(67 564 754)</b>
<b>Surplus/(Deficit)</b>	<b>(10 880 511)</b>	<b>(6 464 851)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 584 077)</b>	<b>19 846 680</b>	<b>(609 459)</b>	<b>135 437 289</b>

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	R
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	(10 880 511)	(6 464 851)	-	-	-	-	(1 584 077)	19 846 680	(609 459)	135 437 289
Taxation	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	(10 880 511)	(6 464 851)	-	-	-	-	(1 584 077)	19 846 680	(609 459)	135 437 289
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	(10 880 511)	(6 464 851)	-	-	-	-	(1 584 077)	19 846 680	(609 459)	135 437 289
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	(10 880 511)	(6 464 851)	-	-	-	-	(1 584 077)	19 846 680	(609 459)	135 437 289

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	R
<b>OTHER INFORMATION</b>										
Segment Assets	-	-	-	-	-	-	16 214 726	-	-	16 214 726
Segment liabilities	-	-	-	-	-	-	(27 663 080)	-	-	(27 663 080)
Additions to non-current assets	-	-	-	-	-	-	-	-	-	-
Investment in associates (equity method) and joint venture	-	-	-	-	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-

**Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2022**

Total Segment Revenue (including capital transfers and contributions)

67 872 536

Total Revenue as per Statement of Financial Performance

67 357 433

**Difference**

515 103

**Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2022**

Total Segment Expenditure	(67 564 754)
Total Expenditure as per Statement of Financial Performance	(67 094 344)
<b>Difference</b>	<b>(470 410)</b>

**Reconciling items**

	44 693
<i>Loss on Sale of Assets disclosed in aggregated with</i>	
<i>Gains on Sale of Assets in Statement of Financial</i>	
<i>Performance</i>	(9 258)
<i>Reversal of Impairment Loss/(Impairment Loss) on</i>	
<i>Receivables</i>	56 105
<i>Reversal of Impairment Loss/(Impairment Loss) on Fixed</i>	
<i>Assets</i>	(2 154)

**Reconciliation of the Statement of Financial Performance as at 30 June 2022 as per the Annual Financial Statements vs the Surplus of the Segment report**

Surplus/(Deficit) for the year as per Segments	307 782
Surplus/(Deficit) for the year as per Statement of Financial Performance	307 782
<b>Difference - as explained above</b>	<b>0</b>

See the explanations for differences above under Revenue and Expenses.

**Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2022**

Total Segment Assets	16 214 726
Total Assets as per Statement of Financial Position	16 214 726
<b>Difference</b>	<b>-</b>

Management does not monitor assets per segments as it does not at present have reliable separate financial information for decision-making purposes. The cost to develop this separately would be excessive, based on the Municipality's current financial position.

**Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2022**

Total Segment Liabilities	(27 663 080)
Total Liabilities as per Statement of Financial Position	(27 663 080)
<b>Difference</b>	<b>-</b>

Management does not monitor liabilities per segments as it does not at present have reliable separate financial information for decision-making purposes. The cost to develop this separately would be excessive, based on the Municipality's current financial position.

**NAMAKWA DISTRICT MUNICIPALITY**  
**PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>						
External revenue from exchange transactions	5 078 217	97 656	-	-	-	5 175 873
Service Charges - Electricity Revenue	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-
Rental of Facilities and Equipment	-	-	-	-	-	-
Interest Earned - External Investments	543 017	-	-	-	-	543 017
Interest Earned - Exchange Transactions	67 439	-	-	-	-	67 439
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Other Revenue	4 467 761	97 656	-	-	-	4 565 417
External revenue from non-exchange transactions	55 938 073	52 800	-	3 235 247	-	59 226 119
Dividends Received	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Transfers Recognised - Operational	55 938 073	52 800	-	3 235 247	-	59 226 119
Property Rates	-	-	-	-	-	-
Availability Charges	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Gains	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
<b>Total Segment Revenue (excluding capital transfers and</b>	<b>61 016 290</b>	<b>150 456</b>	<b>-</b>	<b>3 235 247</b>	<b>-</b>	<b>64 401 993</b>
<b>SEGMENT EXPENDITURE</b>						
Employee Related Costs	(24 214 765)	(9 493 868)	-	(6 318 921)	(1 748 607)	(41 776 162)
Remuneration of Councillors	(3 597 488)	-	-	-	-	(3 597 488)
Debt Impairment	116 959	-	-	-	-	116 959
Depreciation and Asset Impairment	(1 232 662)	(178 004)	-	(149 992)	(7 945)	(1 568 603)
Finance Costs	(1 513 980)	-	-	(2 986)	-	(1 516 966)
Bulk Purchases	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-
Contracted Services	(6 953 284)	(68 817)	-	(2 672 293)	(1 512)	(9 695 906)
Transfers and Grants	(606 445)	-	-	-	(100 000)	(706 445)
Other Expenditure	(7 422 253)	(969 999)	-	(580 232)	(40 767)	(9 013 252)
Losses	(7 835)	(4 677)	-	(19)	(80)	(12 611)
Internal charges	-	-	-	-	-	-
<b>Total Segment Expenditure</b>	<b>(45 431 752)</b>	<b>(10 715 365)</b>	<b>-</b>	<b>(9 724 444)</b>	<b>(1 898 911)</b>	<b>(67 770 472)</b>
<b>Surplus/(Deficit)</b>	<b>15 584 538</b>	<b>(10 564 909)</b>	<b>-</b>	<b>(6 489 197)</b>	<b>(1 898 911)</b>	<b>(3 368 480)</b>

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
Transfers Recognised - Capital	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)

	Governance and Administration	Community and Public Safety	Technical Services	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
<b>OTHER INFORMATION</b>						
Segment Assets	-	-	-	-	16 562 703	16 562 703
Segment liabilities	-	-	-	-	(28 318 839)	(28 318 839)
Additions to non-current assets	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-



**NAMAKWA DISTRICT MUNICIPALITY**  
**SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	Community and public safety	Economic and Environmental Services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>										
<b>External revenue from exchange transactions</b>	97 656	-	-	-	-	-	-	5 257 082	-	5 354 738
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	-	-	-	-	-	-	-	-	-	-
Interest Earned - External Investments	-	-	-	-	-	-	-	543 017	-	543 017
Interest Earned - Exchange Transactions	-	-	-	-	-	-	-	67 439	-	67 439
Licences and Permits	-	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-	-
Other Revenue	97 656	-	-	-	-	-	-	4 646 625	-	4 744 282
<b>External revenue from non-exchange transactions</b>	52 800	3 235 247	-	-	-	-	-	55 938 073	-	59 226 119
Dividends Received	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	52 800	3 235 247	-	-	-	-	-	55 938 073	-	59 226 119
Property Rates	-	-	-	-	-	-	-	-	-	-
Availability Charges	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
<b>Revenue from transactions with other segments</b>	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-
<b>Total Segment Revenue (excluding capital transfers and</b>	<b>150 456</b>	<b>3 235 247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61 195 155</b>	<b>-</b>	<b>64 580 857</b>

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste water management	Waste management services				
	R	R	R	R	R	R	R	R	R	R
<b>SEGMENT EXPENDITURE</b>										
Employee Related Costs	(9 493 868)	(6 318 921)	-	-	-	-	(1 748 607)	(24 226 727)	-	(41 788 124)
Remuneration of Councillors	-	-	-	-	-	-	-	(3 597 488)	-	(3 597 488)
Debt Impairment	-	-	-	-	-	-	-	116 959	-	116 959
Depreciation and Asset Impairment	(178 004)	(149 992)	-	-	-	-	(7 945)	(1 232 662)	-	(1 568 603)
Finance Costs	-	(2 986)	-	-	-	-	-	(1 513 980)	-	(1 516 966)
Bulk Purchases	-	-	-	-	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-	-	-	-	-
Contracted Services	(68 817)	(2 672 293)	-	-	-	-	(1 512)	(6 933 809)	-	(9 676 431)
Transfers and Grants	-	-	-	-	-	-	(100 000)	(605 395)	-	(705 395)
Other Expenditure	(969 999)	(580 232)	-	-	-	-	(40 767)	(7 440 035)	-	(9 031 034)
Losses	(4 677)	(19)	-	-	-	-	(80)	(7 835)	-	(12 611)
Internal charges	-	-	-	-	-	-	-	-	-	-
<b>Total Segment Expenditure</b>	<b>(10 715 365)</b>	<b>(9 724 444)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 898 911)</b>	<b>(45 440 973)</b>	<b>-</b>	<b>(67 779 693)</b>
<b>Surplus/(Deficit)</b>	<b>(10 564 909)</b>	<b>(6 489 197)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 898 911)</b>	<b>15 754 182</b>	<b>-</b>	<b>(3 198 836)</b>
	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	R
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>(10 564 909)</b>	<b>(6 489 197)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 898 911)</b>	<b>15 754 182</b>	<b>-</b>	<b>(3 198 836)</b>
Taxation	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>(10 564 909)</b>	<b>(6 489 197)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 898 911)</b>	<b>15 754 182</b>	<b>-</b>	<b>(3 198 836)</b>
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>(10 564 909)</b>	<b>(6 489 197)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 898 911)</b>	<b>15 754 182</b>	<b>-</b>	<b>(3 198 836)</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(10 564 909)</b>	<b>(6 489 197)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 898 911)</b>	<b>15 754 182</b>	<b>-</b>	<b>(3 198 836)</b>

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	R
<b>OTHER INFORMATION</b>										
Segment Assets	-	-	-	-	-	-	16 562 703	-	-	16 562 703
Segment liabilities	-	-	-	-	-	-	(28 318 839)	-	-	(28 318 839)
Additions to non-current assets	-	-	-	-	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-

**Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2021**

Total Segment Revenue (including capital transfers and	64 580 857
Total Revenue as per Statement of Financial Performance	64 580 856
<b>Difference</b>	<u>1</u>

**Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2021**

Total Segment Expenditure	(67 779 693)
Total Expenditure as per Statement of Financial Performance	(67 884 042)
<b>Difference</b>	<u>104 348</u>

**Reconciling items**

	104 348
<u>Items disclosed separately on the face of the Statement of Financial Performance</u>	
Reversal of Impairment Loss/(Impairment Loss) on Receivables	116 959
Gains/(Loss) on Sale of Fixed Assets	(1 594)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(11 017)

**Reconciliation of the Statement of Financial Performance as at 30 June 2021 as per the Annual Financial Statements vs the Surplus of the Segment report**

Surplus/(Deficit) for the year as per Segments	(3 198 836)
Surplus/(Deficit) for the year as per Statement of Financial Performance	(3 198 837)
<b>Difference - as explained above</b>	<u>1</u>

See the explanations for differences above under Revenue and Expenses.

**Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2021**

Total Segment Assets	16 562 703
Total Assets as per Statement of Financial Position	16 562 703
<b>Difference</b>	<u>-</u>

Management does not monitor assets per segments as it does not at present have reliable separate financial information for decision-making purposes. The cost to develop this separately would be excessive, based on the Municipality's current financial position.

**Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2021**

Total Segment Liabilities	(28 318 839)
Total Liabilities as per Statement of Financial Position	(28 318 839)
<b>Difference</b>	<u>-</u>

Management does not monitor liabilities per segments as it does not at present have reliable separate financial information for decision-making purposes. The cost to develop this separately would be excessive, based on the Municipality's current financial position.

**NAMAKWA DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022**

	Notes	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	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2022 R	%
ASSETS									
Current Assets									
		18 260 139	(11 729 394)	6 530 745	-	-	6 530 745	1 429 949	-78.10%
		-	-	-	-	-	-	7 715 484	100.00%
		1 508 315	-	1 508 315	-	-	1 508 315	955 326	-36.66%
		-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	
Total Current Assets	39.2.1	19 768 454	(11 729 394)	8 039 060	-	-	8 039 060	10 100 760	25.65%
Non-Current Assets									
		-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	
		34 694	17 680	52 374	-	-	52 374	44 681	-14.69%
		-	-	-	-	-	-	-	
		6 925 332	724 418	7 649 750	-	-	7 649 750	5 714 166	-25.30%
		-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	
		143 245	188 560	331 805	-	-	331 805	355 119	7.03%
		-	-	-	-	-	-	-	
Total Non-Current Assets	39.2.2	7 103 271	930 658	8 033 929	-	-	8 033 929	6 113 966	-23.90%
TOTAL ASSETS		26 871 725	(10 798 736)	16 072 989	-	-	16 072 989	16 214 726	0.88%
LIABILITIES									
Current Liabilities									
		-	-	-	-	-	-	-	
		-	80 000	80 000	-	-	80 000	30 973	-61.28%
		-	-	-	-	-	-	8 005	100.00%
		2 805 569	-	2 805 569	-	-	2 805 569	4 465 416	59.16%
		2 815 641	1 889 162	4 704 803	-	-	4 704 803	4 478 320	-4.81%
Total Current Liabilities	39.2.3	5 621 210	1 969 162	7 590 372	-	-	7 590 372	8 982 714	18.34%
Non-Current Liabilities									
		-	400 240	400 240	-	-	400 240	14 366	-96.41%
		20 895 840	-	20 895 840	-	-	20 895 840	18 666 000	-10.67%
Total Non-Current Liabilities	39.2.4	20 895 840	400 240	21 296 080	-	-	21 296 080	18 680 366	-12.28%
TOTAL LIABILITIES		26 517 050	2 369 402	28 886 452	-	-	28 886 452	27 663 080	-4.24%
NET ASSETS									
		354 675	(13 168 138)	(12 813 463)	-	-	(12 813 463)	(11 549 905)	-9.86%
		-	-	-	-	-	-	101 551	100.00%
TOTAL NET ASSETS	39.2.5	354 675	(13 168 138)	(12 813 463)	-	-	(12 813 463)	(11 448 354)	-10.65%

**NAMAKWA DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

Notes	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	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2022 R	%
<b>REVENUE</b>								
Property Rates	-	-	-	-	-	-	-	-
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	1 209 058	(5 300)	1 203 758	-	-	1 203 758	1 212 000	0.68%
Interest Earned - External Investments	1 931 728	-	1 931 728	-	-	1 931 728	615 642	-68.13%
Interest Earned - Outstanding Debtors	67 366	-	67 366	-	-	67 366	54 110	-19.68%
Dividends Received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	60 966 900	1 912 000	62 878 900	-	-	62 878 900	57 848 321	-8.00%
Other Revenue	8 615 595	(433 840)	8 181 755	-	-	8 181 755	5 295 248	-35.28%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>72 790 647</b>	<b>1 472 860</b>	<b>74 263 507</b>	<b>-</b>	<b>-</b>	<b>74 263 507</b>	<b>65 025 322</b>	<b>-12.44%</b>
<b>EXPENDITURE</b>								
Employee Related Costs	44 356 775	301 899	44 658 674	-	-	44 658 674	38 096 539	-14.69%
Remuneration of Councillors	3 752 327	166 534	3 918 861	-	-	3 918 861	3 971 596	1.35%
Debt Impairment	(2 334 729)	-	(2 334 729)	-	-	(2 334 729)	(56 105)	-97.60%
Depreciation and Asset Impairment	1 017 349	471 510	1 488 859	-	-	1 488 859	1 437 628	-3.44%
Finance Charges	107 332	49 850	157 182	-	-	157 182	1 837 162	1068.81%
Bulk Purchases	-	-	-	-	-	-	-	-
Other Materials	196 410	(14 430)	181 980	-	-	181 980	-	-100.00%
Contracted Services	15 051 965	1 053 103	16 105 068	-	-	16 105 068	9 132 690	-43.29%
Transfers and Grants	220 000	385 000	605 000	-	-	605 000	436 051	-27.93%
Other Expenditure	11 391 466	(670 552)	10 720 914	-	-	10 720 914	9 971 601	-6.99%
Loss on Disposal of PPE	-	-	-	-	-	-	9 258	100.00%
<b>Total Expenditure</b>	<b>73 758 895</b>	<b>1 742 914</b>	<b>75 501 809</b>	<b>-</b>	<b>-</b>	<b>75 501 809</b>	<b>64 836 420</b>	<b>-14.13%</b>
<b>Surplus/(Deficit)</b>	<b>(968 248)</b>	<b>(270 054)</b>	<b>(1 238 302)</b>	<b>-</b>	<b>-</b>	<b>(1 238 302)</b>	<b>188 903</b>	<b>-115.25%</b>
Transfers Recognised - Capital	60 000	80 000	140 000	-	-	140 000	118 879	-15.09%
Contributions Recognised - Capital	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>(908 248)</b>	<b>(190 054)</b>	<b>(1 098 302)</b>	<b>-</b>	<b>-</b>	<b>(1 098 302)</b>	<b>307 782</b>	<b>-128.02%</b>
Taxation	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>(908 248)</b>	<b>(190 054)</b>	<b>(1 098 302)</b>	<b>-</b>	<b>-</b>	<b>(1 098 302)</b>	<b>307 782</b>	<b>-128.02%</b>
Attributable to Minorities	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>(908 248)</b>	<b>(190 054)</b>	<b>(1 098 302)</b>	<b>-</b>	<b>-</b>	<b>(1 098 302)</b>	<b>307 782</b>	<b>-128.02%</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(908 248)</b>	<b>(190 054)</b>	<b>(1 098 302)</b>	<b>-</b>	<b>-</b>	<b>(1 098 302)</b>	<b>307 782</b>	<b>-128.02%</b>

Financial Performance: Explanation of Variances between Approved Budget and Actual

Employee Related Costs:

Included in the actual outcome for employee related costs is net actuarial gains of R 2 133 954 of post retirement benefits.

	<b>R</b>
Actual outcome as per Budgeted Statement of Financial Performance	38 096 539
Actuarial gains and losses separately disclosed on the Statement of Financial Performance	2 133 954
Employee related costs as per Statement of Financial Performance	<u>40 230 493</u>

**NAMAKWA DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	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	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2022 R	%
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
	Taxation	-	-	-	-	-	-	-	
	Service Charges	-	-	-	-	-	-	-	
	Other Revenue	16 618 097	(2 086 579)	14 531 518	-	-	14 531 518	10 137 842	-30.24%
	Government - Operating	60 966 900	1 912 000	62 878 900	-	-	62 878 900	58 019 121	-7.73%
	Government - Capital	60 000	80 000	140 000	-	-	140 000	118 879	100.00%
	Interest	1 999 094	-	1 999 094	-	-	1 999 094	615 642	-69.20%
	Dividends	-	-	-	-	-	-	-	
<b>Payments</b>									
	Suppliers and Employees	(74 906 645)	1 002 343	(73 904 302)	-	-	(73 904 302)	(63 317 573)	-14.32%
	Finance costs	-	-	-	-	-	-	(68 162)	-100.00%
	Transfers and Grants	(220 000)	(385 000)	(605 000)	-	-	(605 000)	(436 051)	-27.93%
<b>Net Cash from/(used) Operating Activities</b>	<b>39.2.8</b>	4 517 446	522 764	5 040 210	-	-	5 040 210	5 069 697	0.59%
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
	Proceeds on disposal of PPE	-	-	-	-	-	-	-	
	Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	
	Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	
	Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	
<b>Payments</b>									
	Capital Assets	(428 700)	(228 600)	(657 300)	-	-	(657 300)	(616 251)	-6.25%
<b>Net Cash from/(used) Investing Activities</b>	<b>39.2.9</b>	(428 700)	(228 600)	(657 300)	-	-	(657 300)	(616 251)	-6.25%
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
	Short Term Loans	-	-	-	-	-	-	-	
	Borrowing long term/refinancing	-	-	-	-	-	-	-	0.00%
	Increase/(Decrease) in Consumer Deposits	-	-	-	-	-	-	-	0.00%
<b>Payments</b>									
	Repayment of Borrowing	(92 830)	(294 580)	(387 410)	-	-	(387 410)	(119 423)	-69.17%
<b>Net Cash from/(used) Financing Activities</b>	<b>39.2.10</b>	(92 830)	(294 580)	(387 410)	-	-	(387 410)	(119 423)	-69.17%
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>									
		3 995 916	(416)	3 995 500	-	-	3 995 500	4 334 023	8.47%
	Cash and Cash Equivalents at the year begin:	14 264 639	(11 729 394)	2 535 245			2 535 245	4 811 411	89.78%
	Cash and Cash Equivalents at the year end:	18 260 555	(11 729 810)	6 530 745	-	-	6 530 745	9 145 434	40.04%

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. 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 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 expenses 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.

**1.2. 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.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.



**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**1.4. 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 restatements 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.

**1.5. 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. For the financial year, no new standards became effective.

**1.6. 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.

Management has determined materiality for the purposes of explaining variances between the final budget amounts and actual results included in the annual financial statements, as R67 500 and a variance of more than 10%.

**1.7. 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.

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.

The comparable information includes the following:

- The approved and final budget amounts;
- Actual amounts and final budget amounts;

A reconciliation is provided in the budget comparison regarding classification differences between the approved budget and the actual amounts.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

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

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10%.

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

**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 25	<p><b><u>Employee benefits</u></b></p> <p>The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.</p> <p>The municipality might need to revise the recognition and measurement of employee benefits.</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>The Municipality might need to revise the categories of financial instruments and the impairment model.</p>	Unknown
iGRAP 7	<p><b><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></b></p> <p>This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits.</p>	Unknown

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

REFERENCE	TOPIC	EFFECTIVE DATE
	No significant impact is expected as the Municipality does not hold any plan assets.	
iGRAP 21	<p><b><u>The Effect of Past Decisions on Materiality</u></b></p> <p>This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items.</p> <p>The municipality might need to revise its application of materiality.</p>	1 April 2023
Guideline	<p><b><u>Landfill sites</u></b></p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
Guideline	<p><b><u>Application of Materiality of Financial Statements</u></b></p> <p>The guideline is not authoritative but only encourage.</p> <p>The municipality may have to revise their currently policy on materiality to include additional factors.</p>	Unknown

## **1.9. RESERVES**

### **1.9.1. Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

## **1.10. LEASES**

### **1.10.1. Municipality as Lessee**

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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, investment property 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 rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.10.2. 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 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 derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**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 liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. 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 to be a financial instrument.

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

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

**1.12. 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 resource 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.

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

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

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- The business or part of a business concerned;
  - The principal locations affected;
  - The location, function and approximate number of employees who will be compensated for terminating their services;
  - The expenditures that will be undertaken; and
  - When the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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.

### **1.13. EMPLOYEE BENEFITS**

#### ***(a) 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.

#### ***(b) Post-Retirement Medical Obligations***

The Municipality provides 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

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

completion of a minimum service period. The present value of the 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 interest cost 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 was 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 by independent qualified actuaries.

**(c) 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 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 Interest Cost 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 by independent qualified actuaries.

**(d) 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.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

Accumulated leave is vesting.

**(e) Staff Bonuses**

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

**(f) Other Short-term Employee Benefits**

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

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

**1.14. CONSUMER DEPOSITS**

Consumer deposits are disclosed as a current liability. Consumer deposits represents rental deposits, and are levied in line with council's policy when property is rented. When the rental agreement expires or is terminated, the outstanding deposit is utilised against any arrear accounts the tenant might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific tenant.

**1.15. PROPERTY, PLANT AND EQUIPMENT**

**1.15.1. Initial Recognition**

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

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose.



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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.

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

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

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.

**1.15.3. Depreciation and Impairment**

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Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land 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><u>Land and Buildings</u></b>	<b><u>Years</u></b>
Land	Indefinite
Buildings	10-50
<b><u>Infrastructure</u></b>	
Roads and Streets	10-30
Storm Water	20
Electricity	20-30
Water	15-20
Sanitation	15-20
Waste Management	30
<b><u>Community</u></b>	
Recreation Facilities	20-30
Housing	20-30
Community Halls	20-30
Libraries	20-30
Parks and Gardens	20-30
Clinics	20-30
Security and Policing	5
<b><u>Finance lease assets</u></b>	
Office equipment	1-3
Other Assets	1-5
<b><u>Other</u></b>	
Motor Vehicles	3-18
Furniture and other Office equipment	3-24
Plant and Equipment	3-23
Computer equipment	3-21
Other Buildings	50

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

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Changes to the useful life 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 policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are 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.

**1.15.4. 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.

**1.16. INTANGIBLE ASSETS**

**1.16.1. Initial Recognition**

An intangible asset is an identifiable non-monetary 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 arrangements) 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.

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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;
- 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, it's deemed cost is the carrying amount of the asset(s) given up.

**1.16.2. 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.

**1.16.3. 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 estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b><u>Intangible Assets</u></b>	<b>Years</b>
Computer Software	20
Computer Software Licenses	20

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

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Changes to the useful life 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 policy or retrospectively as a prior period error depending on the specific circumstances.

**1.16.4. 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.

**1.17. INVESTMENT PROPERTY**

**1.17.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- The cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange

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transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be treated as a revaluation.

For a transfer from inventory to investment property (operating lease), the municipality shall apply accounting policy for operating leases

**1.17.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.17.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

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 estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<b><u>Investment Property</u></b>	<b>Years</b>
Buildings	50

Changes to the useful life 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

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GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

**1.17.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.18.1. 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

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date, and reassessing the useful life of an asset as finite rather than indefinite;

- 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 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.

**1.18.2. 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

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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. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that 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**

### **1.19.1. 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

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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.

**1.19.2. Subsequent Measurement**

Inventories, consisting of consumable stores, finished goods, and materials and supplies 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 on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

**1.20.1. 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

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are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.20.2. 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 ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.20.2.1. Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured 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, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. 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 allowance 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.

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**1.20.2.2. *Payables and Annuity Loans***

Financial liabilities consist of trade and other payables and annuity loans. 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.

**1.20.2.3. *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.

**1.20.2.4. *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.

**1.20.3. *De-recognition***

**1.20.3.1. *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

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- 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 put 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.

#### **1.20.3.2. *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.

#### **1.20.4. *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**

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Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

**1.21.1. Initial Recognition**

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

**1.21.2. Subsequent Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (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 revised if there has been a change in the estimates used since the last



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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.

**1.21.3. 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. Derecognise the receivable; and
  - ii. Recognise separately any rights and obligations created or retained in the transfer.

**1.22. REVENUE**

**1.22.1. 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.

Grants, transfers and donations 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.



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Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

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.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

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.

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:

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 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.

**1.22.2. 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.

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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.

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

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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. TRANSFER OF FUNCTIONS (Municipality as acquirer)**

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from the Municipality 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 arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) Identifying the acquirer (Municipality);
- (b) Determining the acquisition date;
- (c) Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) Recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

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The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

**1.24. ACCOUNTING BY PRINCIPALS AND AGENTS**

A principal-agent arrangement exists where there is a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

**Identification**

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

**1.25. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

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:

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- (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 Municipalities. 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).

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 (formerly known as "Key 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

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- (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.

#### **1.26. 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.

#### **1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, 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.



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**1.28. 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.

**1.29. 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 contingent assets.

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

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the municipality's Accounting



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Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

***Post-retirement medical obligations and Long service awards***

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 9 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.

***Impairment of Statutory Receivables***

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. 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.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

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- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design 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.

***Investment Property***

The useful lives of investment property 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. 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 economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

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- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property 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.

***Provisions, Contingent Liabilities and Contingent Assets***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities and contingent assets. 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. This provision will be realised as employees take leave or when employment is terminated.

***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.

**1.31. 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.

**1.32. CAPITAL COMMITMENTS**

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**1.33. 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 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.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2022

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals	Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals	Impairment	Closing Balance	
<b>Other Assets</b>															
Land	2 084 458	-	-	-	-	-	2 084 458	-	-	-	-	-	-	-	2 084 458
Buildings	9 862 963	-	87 262	(90 000)	-	-	9 860 225	8 685 423	-	293 867	(82 800)	-	-	8 896 490	963 735
Furniture and Office Equipment	5 261 003	-	356 889	-	(146 120)	-	5 471 771	4 089 396	-	197 473	-	(145 609)	1 300	4 142 561	1 329 210
Machinery and Equipment	2 936 973	-	87 489	-	(188 613)	-	2 835 849	2 498 930	-	132 856	-	(180 017)	854	2 452 624	383 225
Transport Assets	5 511 492	-	-	-	(142 982)	-	5 368 509	3 973 987	-	628 436	-	(142 835)	-	4 459 588	908 921
	25 656 889	-	531 640	(90 000)	(477 716)	-	25 620 813	19 247 737	-	1 252 633	(82 800)	(468 461)	2 154	19 951 263	5 669 550
<b>Leases</b>															
Furniture and Office Equipment	503 937	-	-	-	(388 330)	-	115 607	352 667	-	106 654	-	(388 330)	-	70 991	44 616
	503 937	-	-	-	(388 330)	-	115 607	352 667	-	106 654	-	(388 330)	-	70 991	44 616
<b>Total</b>	26 160 826	-	531 640	(90 000)	(866 045)	-	25 736 420	19 600 404	-	1 359 287	(82 800)	(856 790)	2 154	20 022 254	5 714 166

2.2 30 JUNE 2021

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals	Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals	Impairment	Closing Balance	
<b>Other Assets</b>															
Land	2 084 458	-	-	-	-	-	2 084 458	-	-	-	-	-	-	-	2 084 458
Buildings	9 972 963	-	-	(110 000)	-	-	9 862 963	8 486 646	-	297 776	(99 000)	-	-	8 685 423	1 177 540
Furniture and Office Equipment	4 679 725	-	770 507	-	(189 229)	-	5 261 003	4 066 085	-	206 067	-	(189 181)	6 425	4 089 396	1 171 607
Machinery and Equipment	2 936 350	-	131 402	-	(130 780)	-	2 936 973	2 423 990	-	201 098	-	(130 750)	4 592	2 498 930	438 043
Transport Assets	5 704 677	-	-	-	(193 186)	-	5 511 492	3 524 100	-	641 564	-	(191 676)	-	3 973 987	1 537 504
	25 378 173	-	901 909	(110 000)	(513 194)	-	25 656 889	18 500 821	-	1 346 506	(99 000)	(511 607)	11 017	19 247 737	6 409 152
<b>Leases</b>															
Furniture and Office Equipment	418 265	-	85 672	-	-	-	503 937	201 412	-	151 255	-	-	-	352 667	151 270
	418 265	-	85 672	-	-	-	503 937	201 412	-	151 255	-	-	-	352 667	151 270
<b>Total</b>	25 796 438	-	987 581	(110 000)	(513 194)	-	26 160 826	18 702 233	-	1 497 760	(99 000)	(511 607)	11 017	19 600 404	6 560 422

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
2.3 The municipality has no Property, Plant and Equipment which is in the process of being constructed or developed.		
2.4 The municipality has no Property, Plant and Equipment that is taking a significantly longer period of time to completed than expected.		
2.5 The municipality has no Property, Plant and Equipment where construction or development has been halted.		
2.6 <b>Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Employee related costs	-	-
Other materials	-	-
Contracted Services	-	-
- Maintenance of Buildings and Facilities	255 671	332 768
- Maintenance of Equipment	190 642	54 611
- Maintenance of Unspecified Assets	104 044	89 899
Other Expenditure	-	-
<b>Total Repairs and Maintenance</b>	<b>550 356</b>	<b>477 278</b>
2.7 <b>Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R 44 616 (2021: R151 270) is secured for leases as set out in Note 8 and Appendix A.		
2.8 <b>Third party payments received for losses incurred:</b>		
Payments received (Excluding VAT)	38 774	-
Carrying value of assets written off/lost	(6 933)	-
Surplus/(Deficit)	31 841	-
2.9 <b>Impairment losses of Property, Plant and Equipment</b>		
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
Infrastructure	-	-
Community Assets	-	-
Other	2 154	11 017
<b>Total Impairment Losses</b>	<b>2 154</b>	<b>11 017</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2.10 Effect of changes in accounting estimates

The effect of the Change in Accounting estimates due to the review of useful lives are as follows:

	2022 R	2023 R	2024 R
Increase / (Decrease) in depreciation of assets for the year	(151 818)	151 736	131 296
		2022 R	2021 R

2.11 Contractual commitments for acquisition of Property, Plant and Equipment:

Approved and contracted for (Including VAT):

Infrastructure  
Community  
Other

-	-
-	-
-	-
-	-

**Total**

-	-
---	---

This expenditure will be financed from:

External Loans  
Capital Replacement Reserve  
Government Grants  
Own Resources  
District Council Grants

-	-
-	-
-	-
-	-
-	-

**Total**

-	-
---	---

2022  
R

2021  
R

2.12 Land is not controlled, but Namakwa District Municipality is the legal owner/custodian

Farm number 265 Verjaagfontein

2 650 000	2 650 000
2 650 000	2 650 000

The farm number 265 Verjaagfontein farm situated in the Fraserburg region was transferred to the Karoo-Hoogland Municipality during the amalgamation process in 2001.

The property was never registered in the name of Karoo-Hoogland Municipality. The Namakwa District Municipality undertakes to initiate a transfer process for the property in question as soon as possible.

2022  
R

2021  
R

3 INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July

52 374

54 468

Cost  
Accumulated Depreciation  
Accumulated Impairment Loss

654 678	544 678
(602 304)	(490 210)
-	-

Transfer from/(to) Property, Plant and Equipment - Note 2

7 200

11 000

Cost  
Accumulated Depreciation

90 000	110 000
(82 800)	(99 000)

Additions  
Depreciation for the year

-

-

(14 894)

(13 094)

**Net Carrying amount at 30 June**

44 681

52 374

Cost  
Accumulated Depreciation  
Accumulated Impairment Loss

744 678	654 678
(699 997)	(602 304)
-	-

3.2 Revenue from Investment Property

Revenue derived from the rental of Investment Property

816 309

531 909

3.3 No operating expenditure incurred on Investment Property during the year.

3.4 The municipality has no Investment Property which is in the process of being constructed or developed.

3.5 The municipality has no Investment Property that is taking a significantly longer period of time to completed than expected.

3.6 The municipality has no Investment Property where construction or development has been halted.

3.7 There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>4 INTANGIBLE ASSETS</b>		
<b>4.1 Net Carrying amount at 1 July</b>	<b>331 805</b>	<b>196 653</b>
Cost	3 199 393	3 039 237
Accumulated Amortisation	(2 867 588)	(2 842 585)
Additions	84 611	198 082
Amortisation	(61 294)	(62 923)
Carrying value of disposals	(3)	(7)
Cost	(2 121)	(37 927)
Accumulated amortisation	2 118	37 920
(Impairment Loss)/ Reversal of Impairment Loss	-	-
<b>Net Carrying amount at 30 June</b>	<b>355 119</b>	<b>331 805</b>
Cost	3 281 882	3 199 393
Accumulated Amortisation	(2 926 763)	(2 867 588)

4.2 The municipality has no Intangible assets which are in the process of being constructed or developed.

4.3 The municipality has no Intangible assets that are taking a significantly longer period of time to completed than expected.

4.4 The municipality has no Intangible assets where construction or development has been halted.

4.5 No intangible asset were asessed having an indefinite useful life.

4.6 There are no internally generated intangible assets at reporting date.

4.7 There are no intangible assets whose title is restricted.

4.8 There are no intangible assets pledged as security for liabilities.

4.9 There are no contractual commitments for the acquisition of intangible assets.

**4.10 Effect of changes in accounting estimates**

The effect of the Change in Accounting estimates due to the review of useful lives are as follows:

	2022 R	2023 R	2024 R
Increase / (Decrease) in depreciation of assets for the year	(19 527)	18 327	16 586



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>5 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Property Rentals	794 498	1 089 563
Other Arrears	-	-
Prepayments and Advances	118 331	108 202
Insurance	107 331	91 202
Recoveries from staff	11 000	-
Maintenance Contracts	-	17 000
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>912 829</b>	<b>1 197 765</b>
<b>Less:</b> Provision for Debt Impairment	(548 177)	(564 727)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>364 651</b>	<b>633 038</b>
<b><u>(Property Rentals): Ageing</u></b>		
Current (0 - 30 days)	95 543	77 138
31 - 60 Days	80 174	61 166
61 - 90 Days	28 839	80 857
+ 90 Days	589 942	870 402
<b>Total</b>	<b>794 498</b>	<b>1 089 563</b>
	<b>2022 R</b>	<b>2021 R</b>
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
Balance at beginning of year	564 727	629 244
Contribution to provision	-	-
Reversal of provision	(16 550)	(64 517)
Balance at end of year	<b>548 177</b>	<b>564 727</b>
The total amount of this provision is R 548 177 and consist of:		
Property Rentals	548 177	564 727
Other Debtors	-	-
<b>Total Provision for Debt Impairment on Receivables from exchange transactions</b>	<b>548 177</b>	<b>564 727</b>
<b><u>Ageing of amounts past due but not impaired:</u></b>		
1 month past due	78 376	64 524
2+ months past due	74 205	295 203
	<b>152 581</b>	<b>359 727</b>
The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.		
<b>6 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Department of Roads and Public Works	4 424 703	4 407 391
Sundry Debtor - Department Agriculture, Forestry and Fisheries	8 783 074	8 783 074
Sundry Debtor - Department of Environmental Affairs	-	3 119 821
Balance previously stated		3 493 008
Correction of Error - Note 34.1		(373 187)
Other Receivables	926 808	1 115 846
Balance previously stated		925 221
Correction of Error - Note 34.1	-	190 624
	14 134 585	17 426 132
	(13 543 910)	(13 583 465)
<b>Total Receivables from non-exchange transactions</b>	<b>590 675</b>	<b>3 842 666</b>
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
Balance at beginning of year	13 583 465	13 635 907
Contribution to provision	-	-
Reversal of provision	(39 555)	(52 442)
Balance at end of year	<b>13 543 910</b>	<b>13 583 465</b>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The total amount of this provision is R 13 543 910 and consist of:

Taxes	-	-
Sundry Debtor - Department Agriculture, Forestry and Fisheries	8 783 074	8 783 074
Department of Roads and Public Works	4 424 703	4 407 391
Other receivables	336 134	393 000
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<b>13 543 910</b>	<b>13 583 465</b>

**Ageing of amounts past due but not impaired:**

1 month past due	4 801	249 572
2+ months past due	570 429	4 266 423
	<b>575 231</b>	<b>4 515 994</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

	2022 R	2021 R
<b>7 BANK ACCOUNTS</b>		
<b>7.1 Cash and Cash Equivalents</b>		
Current Accounts	1 429 449	141 909
Call Deposits and Investments	7 715 484	4 669 002
Cash On-hand	500	500
<b>Total Cash and Cash Equivalents - Assets</b>	<b>9 145 434</b>	<b>4 811 411</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R 233 261 are held to fund the Unspent Conditional Grants (2021: R 407 135).

The municipality has the following bank accounts:

**Current Accounts**

Nedbank Limited - Account Number 1140945939 (Primary Bank Account):	1 429 449	141 909
	<b>1 429 449</b>	<b>141 909</b>

**Call Deposits and Investments**

Nedbank Limited - Account Number 03/7662031837 (Capital Replacement Reserve):	101 551	160 639
Nedbank Private Wealth - Account Number NAMA001/83 (Call Deposit):	4 035 384	1 608 917
Nedbank Limited - Account Number 03/7662031934 (Call Deposit):	-	648 963
Nedbank Limited - Account Number 03/7662031896 (Leave Reserve):	1 301 638	1 659 241
Nedbank Limited - Account Number 03/7662031799 (Finance Management Grant):	1 390	1 852
Nedbank Limited - Account Number 03/7662031845 (Municipal System Improvement Grant):	1 359	1 359
Nedbank Limited - Account Number 03/7662031780 (EPWP):	1 004	1 004
Nedbank Limited - Account Number 03/7662031950 (Depositor Plus):	2 040 962	181 505
Nedbank Limited - Account Number 03/7662031926 (RRAMS):	1 200	1 001
Nedbank Limited - Account Number 03/7662031977 (PIMMS):	11	2 255
Nedbank Limited - Account Number 03/7662031772 (Electronic Filing System):	4 798	4 798
Nedbank Limited - Account Number 03/7662031853 (Training Fund SETA):	3 842	3 842
Nedbank Limited - Account Number 03/7662031918 (Work for Water):	2 690	2 602
Nedbank Limited - Account Number 03/7662031756 (Civil Defence Grant):	219 658	367 544
Nedbank Limited - Account Number 03/7662031942 (Khotso Pula Nala):	-	23 480
	<b>7 715 484</b>	<b>4 669 002</b>

The Municipality has the following current bank account:

**Nedbank Limited - Account Number 1140945939 (Primary Bank Account):**

Cash book balance at beginning of year	141 909	674 204
Cash book balance at end of year	<b>1 429 449</b>	<b>141 909</b>
Bank statement balance at beginning of year	145 569	677 701
Bank statement balance at end of year	<b>1 431 119</b>	<b>145 569</b>

Details of call investment accounts are as follow:

**Nedbank Limited - Account Number 03/7662031837 (Capital Replacement Reserve):**

Cash book balance at beginning of year	160 639	159 370
Cash book balance at end of year	<b>101 551</b>	<b>160 639</b>
Bank statement balance at beginning of year	160 639	159 370
Bank statement balance at end of year	<b>101 551</b>	<b>160 639</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>Nedbank Private Wealth - Account Number NAMA001/83 (Call Deposit):</b>		
Cash book balance at beginning of year	1 608 917	522 456
Cash book balance at end of year	4 035 384	1 608 917
Bank statement balance at beginning of year	1 608 917	522 456
Bank statement balance at end of year	4 035 384	1 608 917
<b>Nedbank Limited - Account Number 03/7662031934 (Call Deposit):</b>		
Cash book balance at beginning of year	648 963	648 963
Cash book balance at end of year	-	648 963
Bank statement balance at beginning of year	648 963	648 963
Bank statement balance at end of year	-	648 963
<b>Nedbank Limited - Account Number 03/7662031896 (Leave Reserve):</b>		
Cash book balance at beginning of year	1 659 241	1 076 780
Cash book balance at end of year	1 301 638	1 659 241
Bank statement balance at beginning of year	1 659 241	1 076 780
Bank statement balance at end of year	1 301 638	1 659 241
<b>Nedbank Limited - Account Number 03/7662031799 (Finance Management Grant):</b>		
Cash book balance at beginning of year	1 852	1 501
Cash book balance at end of year	1 390	1 852
Bank statement balance at beginning of year	2 034	1 501
Bank statement balance at end of year	1 390	2 034
<b>Nedbank Limited - Account Number 03/7662031845 (Municipal System Improvement Grant):</b>		
Cash book balance at beginning of year	1 359	1 359
Cash book balance at end of year	1 359	1 359
Bank statement balance at beginning of year	1 359	1 359
Bank statement balance at end of year	1 359	1 359
<b>Nedbank Limited - Account Number 03/7662031780 (EPWP):</b>		
Cash book balance at beginning of year	1 004	24 488
Cash book balance at end of year	1 004	1 004
Bank statement balance at beginning of year	1 004	24 488
Bank statement balance at end of year	1 004	1 004
<b>Nedbank Limited - Account Number 03/7662031829 (IDP):</b>		
Cash book balance at beginning of year	-	2 001
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	2 001
Bank statement balance at end of year	-	-
<b>Nedbank Limited - Account Number 03/7662031950 (Depositor Plus):</b>		
Cash book balance at beginning of year	181 505	176 491
Cash book balance at end of year	2 040 962	181 505
Bank statement balance at beginning of year	181 505	176 491
Bank statement balance at end of year	2 040 962	181 505

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>Nedbank Limited - Account Number 03/7662031926 (RRAMS):</b>		
Cash book balance at beginning of year	1 001	2 614
Cash book balance at end of year	1 200	1 001
Bank statement balance at beginning of year	1 001	2 614
Bank statement balance at end of year	1 200	1 001
<b>Nedbank Limited - Account Number 03/7662031802 (Fire Equipment Grant):</b>		
Cash book balance at beginning of year	-	11 733
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	11 733
Bank statement balance at end of year	-	-
<b>Nedbank Limited - Account Number 03/7662031977 (PIMMS):</b>		
Cash book balance at beginning of year	2 255	2 255
Cash book balance at end of year	11	2 255
Bank statement balance at beginning of year	2 244	2 244
Bank statement balance at end of year	-	2 244
<b>Nedbank Limited - Account Number 03/7662031772 (Electronic Filing System):</b>		
Cash book balance at beginning of year	4 798	4 798
Cash book balance at end of year	4 798	4 798
Bank statement balance at beginning of year	4 798	4 798
Bank statement balance at end of year	4 798	4 798
<b>Nedbank Limited - Account Number 03/7662031853 (Training Fund SETA):</b>		
Cash book balance at beginning of year	3 842	3 842
Cash book balance at end of year	3 842	3 842
Bank statement balance at beginning of year	3 842	3 842
Bank statement balance at end of year	3 842	3 842
<b>Nedbank Limited - Account Number 03/7662031918 (Work for Water):</b>		
Cash book balance at beginning of year	2 602	2 525
Cash book balance at end of year	2 690	2 602
Bank statement balance at beginning of year	2 602	2 525
Bank statement balance at end of year	2 690	2 602
<b>Nedbank Limited - Account Number 03/7662031756 (Civil Defence Grant):</b>		
Cash book balance at beginning of year	367 544	540 791
Cash book balance at end of year	219 658	367 544
Bank statement balance at beginning of year	367 546	540 791
Bank statement balance at end of year	219 659	367 546
<b>Nedbank Limited - Account Number 03/7662031942 (Khotso Pula Nala):</b>		
Cash book balance at beginning of year	23 480	331 639
Cash book balance at end of year	-	23 480
Bank statement balance at beginning of year	23 480	331 639
Bank statement balance at end of year	-	23 480

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 R				
8	LONG-TERM BORROWINGS						
	Capitalised Lease Liability - At amortised cost	45 339	164 762				
	<b>Less:</b> Current Portion transferred to Current Liabilities	(30 973)	(119 423)				
	<b>Total Long-term Borrowings</b>	<b>14 366</b>	<b>45 339</b>				
		2022 R	2021 R				
8.1	The obligations under finance leases are scheduled below:		Minimum payments				
	Amounts payable under finance leases:						
	Payable within one year	35 812	134 379				
	Payable within two to five years	14 922	50 734				
	Payable after five years	-	-				
		50 734	185 113				
	<b>Less:</b> Future finance obligations	(5 395)	(20 351)				
	<b>Present value of finance lease obligations</b>	<b>45 339</b>	<b>164 762</b>				
	The capitalised lease liability consist out of the following contracts:						
		Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
		MTN	Laptops	15.38%	0%	3 Years	30/11/2023
	Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.						
	Hire Purchases and Leases are secured by property, plant and equipment - Note 2						
		2022 R	2021 R				
9	NON-CURRENT EMPLOYEE BENEFITS						
	Provision for Post Retirement Health Care Benefits	16 747 000	18 260 000				
	Provision for Long Service Awards	1 919 000	1 785 000				
	<b>Total Non-current Employee Benefits</b>	<b>18 666 000</b>	<b>20 045 000</b>				
	<b><u>Post Retirement Health Care Benefits</u></b>						
	Balance 1 July	19 944 000	17 129 000				
	Contribution for the year	2 205 000	1 914 000				
	Expenditure for the year	(1 538 769)	(1 553 757)				
	Actuarial Loss/(Gain)	(2 213 231)	2 454 757				
	<b>Total provision 30 June</b>	<b>18 397 000</b>	<b>19 944 000</b>				
	<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 11	(1 650 000)	(1 684 000)				
	<b>Balance 30 June</b>	<b>16 747 000</b>	<b>18 260 000</b>				
	<b><u>Long Service Awards</u></b>						
	Balance 1 July	2 083 000	1 759 000				
	Contribution for the year	365 000	310 000				
	Expenditure for the year	(404 277)	(133 709)				
	Actuarial Loss/(Gain)	79 277	147 709				
	<b>Total provision 30 June</b>	<b>2 123 000</b>	<b>2 083 000</b>				
	<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 11	(204 000)	(298 000)				
	<b>Balance 30 June</b>	<b>1 919 000</b>	<b>1 785 000</b>				

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R	
<b>9.1 Provision for Post Retirement Health Care Benefits</b>			
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	62	62	
In-service (employee) non-members	5	8	
Continuation members (e.g. Retirees, widows, orphans)	35	38	
<b>Total Members</b>	<b>102</b>	<b>108</b>	
	<b>2022 R</b>	<b>2021 R</b>	
The liability in respect of past service has been estimated to be as follows:			
In-service members	4 234 000	4 535 000	
In-service non-members	76 000	86 000	
Continuation members	14 087 000	15 323 000	
<b>Total Liability</b>	<b>18 397 000</b>	<b>19 944 000</b>	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	<b>2020 R</b>	<b>2019 R</b>	<b>2018 R</b>
In-service members	3 918 000	4 597 621	3 943 718
In-service non-members	57 000	-	-
Continuation members	13 154 000	13 821 691	12 706 585
<b>Total Liability</b>	<b>17 129 000</b>	<b>18 419 312</b>	<b>16 650 303</b>
Bonitas Hosmed LA Health Key Health, and SAMWU Medical Aid			
The Current-service Cost for the ensuing year is estimated to be R466 000, whereas the Interest Cost for the next year is estimated to be R2 000 000.			
Key actuarial assumptions used:			
<b>i) Rate of interest</b>			
Discount rate	11.37%	9.25%	
Health Care Cost Inflation Rate	8.04%	6.42%	
Net Effective Discount Rate	3.08%	2.66%	
<b>ii) Mortality rates</b>			
The PA (90) -1 ultimate table, with a 1% improvement p.a from 2010 was used by the actuaries.			
<b>iii) Normal retirement age</b>			
The normal retirement age for employees of the municipality is 62 years.			
<b>iv) Expected rate of salary increases</b>			
The expected rate of salary increase is 4.9% as per SALGBC Circular 01/2022.			

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	18 397 000	19 944 000
Fair value of plan assets	-	-
	<u>18 397 000</u>	<u>19 944 000</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b><u>18 397 000</u></b>	<b><u>19 944 000</u></b>

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

Present value of fund obligation at the beginning of the year	19 944 000	17 129 000
Total expenses	666 231	360 243
Current service cost	436 000	420 000
Interest Cost	1 769 000	1 494 000
Benefits Paid	(1 538 769)	(1 553 757)
Actuarial (gains)/losses	(2 213 231)	2 454 757
Present value of fund obligation at the end of the year	<u>18 397 000</u>	<u>19 944 000</u>

**Reconciliation of fair value of plan assets:**

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

**Sensitivity Analysis on the Accrued Liability on 30 June 2022**

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
<b>Assumption</b>			
Central Assumptions	4.31	14.087	18.397

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
<b>Assumption</b>					
Health care inflation rate	1%	4.771	14.944	19.715	7%
Health care inflation rate	-1%	3.723	13.283	17.006	-8%
Discount rate	1%	3.620	13.189	16.809	-9%
Discount rate	-1%	5.189	15.115	20.304	10%
Post-employment mortality	+1 year	4.192	13.503	17.695	-4%
Post-employment mortality	-1 year	4.426	14.682	19.108	4%
Average retirement age	-1 year	4.784	14.087	18.871	3%
Continuation of membership at retirement	-10%	3.775	14.087	17.862	-3%

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2023**

	Current Service Cost (R)	Interest Cost (R)	Total (R)
<b>Assumption</b>			
Central Assumptions	466 000	2 000 000	2 466 000

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation rate	1%	517 000	2 150 000	2 667 000	8%
Health care inflation rate	-1%	402 000	1 843 000	2 245 000	-9%
Discount rate	1%	396 000	1 980 000	2 376 000	-4%
Discount rate	-1%	554 000	2 022 000	2 576 000	4%
Post-employment mortality	+1 year	453 000	1 921 000	2 374 000	-4%
Post-employment mortality	-1 year	478 000	2 081 000	2 559 000	4%
Average retirement age	-1 year	513 000	2 054 000	2 567 000	4%
Continuation of membership at retirement	-10%	409 000	1 940 000	2 349 000	-5%

2022 Rm 2021 Rm

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(1.205)	0.863
Assets: Gain / (loss)	-	-

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

	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	0.677	2.167	(0.438)
Assets: Gain / (loss)	-	-	-

Impact of Covid-19:

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effects treatments and/or vaccines will have. Once any long-term impacts of Covid-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

9.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 67 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R194 000 whereas the Interest Cost for the next year is estimated to be R223 000.

Key actuarial assumptions used:	2022 %	2021 %
i) Rate of interest		
Discount rate	11.03%	9.13%
General Salary Inflation (long-term)	7.33%	5.77%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.45%	3.18%

2022 R 2021 R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 123 000	2 083 000
Fair value of plan assets	-	-
	<u>2 123 000</u>	<u>2 083 000</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	<u>2 123 000</u>	<u>2 083 000</u>



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	2 083 000	1 759 000
Total expenses	(39 277)	176 291
Current service cost	188 000	179 000
Interest Cost	177 000	131 000
Benefits Paid	(404 277)	(133 709)
Actuarial (gains)/losses	79 277	147 709
Present value of fund obligation at the end of the year	<u>2 123 000</u>	<u>2 083 000</u>

**Reconciliation of fair value of plan assets:**

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

**Sensitivity Analysis on the Accrued Liability on 30 June 2022**

	Change	Liability (Rm)	% change
<b>Assumption</b>			
Central assumptions		2 123.000	
General earnings inflation	+1%	2 250.000	6%
General earnings inflation	-1%	2 007.000	-5%
Discount rate	+1%	2 003.000	-6%
Discount rate	-1%	2 256.000	6%
Average retirement age	-2 yrs	2 290.000	8%
Average retirement age	2 yrs	1 980.000	-7%
Withdrawal rates	x2	1 689.000	-20%
Withdrawal rates	x0.5	2 415.000	14%

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2023**

	Current Service Cost (R)	Interest Cost (R)	Total (R)
<b>Assumption</b>			
Central Assumptions	194 000	223 000	417 000

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Assumption</b>					
General earnings inflation	+1%	208 000	237 000	445 000	7%
General earnings inflation	-1%	182 000	210 000	392 000	-6%
Discount rate	+1%	183 000	229 000	412 000	-1%
Discount rate	-1%	207 000	216 000	423 000	1%
Average retirement age	-2 yrs	206 000	242 000	448 000	7%
Average retirement age	2 yrs	183 000	208 000	391 000	-6%
Withdrawal Rate	x2	144 000	175 000	319 000	-24%
Withdrawal Rate	x0.5	230 000	255 000	485 000	16%

	2022 R	2021 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	130 277	139 709
Assets: Gain / (loss)	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

	2020 R	2019 R	2018 R
Liabilities: (Gain) / loss	115 239	(11 336)	91 754
Assets: Gain / (loss)	-	-	-

**Impact of Covid-19:**

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effects treatments and/or vaccines will have. Once long-term impacts of Covid-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

**9.3 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, 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.

**LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)**

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of 104,9% (30 June 2020 - 100,0%).

Contributions paid recognised in the Statement of Financial Performance	96 466	91 007
	<b>2022 R</b>	<b>2021 R</b>

**CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)**

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 100,5% (30 June 2020 - 100,5%).

Contributions paid recognised in the Statement of Financial Performance	2 737 876	2 633 310
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**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	125 971	120 070
SAMWU National Provident Fund	913 611	906 668
	<b>1 039 582</b>	<b>1 026 738</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>10 CONSUMER DEPOSITS</b>		
Rental Properties	8 005	8 005
<b>Total Consumer Deposits</b>	<b>8 005</b>	<b>8 005</b>
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
<b>11 CURRENT EMPLOYEE BENEFITS</b>		
Staff Bonuses	1 084 124	1 000 364
Staff Leave	1 540 196	1 722 439
Current Portion of Non-Current Provisions	1 854 000	1 982 000
Current Portion of Post Retirement Benefits - Note 9	1 650 000	1 684 000
Current Portion of Long-Service Provisions - Note 9	204 000	298 000
<b>Total Provisions</b>	<b>4 478 320</b>	<b>4 704 803</b>
The movement in current provisions are reconciled as follows:		
<b>11.1 Staff Bonuses</b>		
Balance at beginning of year	1 000 364	948 360
Contribution to current portion	2 016 897	1 783 767
Expenditure incurred	(1 933 136)	(1 731 764)
Balance at end of year	<b>1 084 124</b>	<b>1 000 364</b>
Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
<b>11.2 Staff Leave</b>		
Balance at beginning of year	1 722 439	1 679 575
Contribution to current portion	238 558	125 755
Expenditure incurred	(420 802)	(82 890)
Balance at end of year	<b>1 540 196</b>	<b>1 722 439</b>
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
<b>12 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	798 128	510 483
Advance Payments	56 653	48 209
Department of Environmental affairs - Work for Water	2 525	2 525
Department Economic Development and Tourism	139	-
Other Payables	2 781 898	2 320 729
Balance previously stated		2 271 818
Correction of Error - Note 34.2	-	48 911
<b>Total Trade Payables</b>	<b>3 639 343</b>	<b>2 881 947</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. 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.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>13 UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	685 121	514 322
National Government Grants	4 963	7 653
Provincial Government Grants	228 694	413 201
Other Sources	451 464	93 469
<b>Less:</b> Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
<b>Total Unspent Transfers and Subsidies</b>	<b>685 121</b>	<b>514 322</b>
See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
<b>14 TAXES</b>		
<b>14.1</b> VAT Payable	-	-
VAT Output in Suspense	(423 828)	(205 652)
Balance previously stated		(136 934)
Correction of Error - Note 34.3		(68 717)
<b>Less:</b> Contribution to Provision for Doubtful Debt Impairment	-	-
<b>Total VAT Payable</b>	<b>(423 828)</b>	<b>(205 652)</b>
<b>14.2</b> VAT Receivable	209 800	264 607
VAT Input in Suspense	73 076	272 031
Balance previously stated		77 596
Correction of Error - Note 34.3		194 435
<b>Total VAT Receivable</b>	<b>282 876</b>	<b>536 639</b>
<b>14.3 Net VAT (Payable)/Receivable</b>	<b>(140 952)</b>	<b>330 987</b>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
<b>15 NET ASSET RESERVES</b>		
RESERVES	101 551	64 781
Capital Replacement Reserve	101 551	64 781
<b>Total Net Asset Reserve and Liabilities</b>	<b>101 551</b>	<b>64 781</b>
<b>15.1</b> The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
<b>16 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Government Grants and Subsidies - Operating	57 848 321	58 547 278
Equitable Share	52 385 000	51 321 000
Expanded Public Works Programme Integrated Grant	-	999 210
Local Government Financial Management Grant	1 945 829	1 526 018
Fire Equipment Grant	-	10 382
Integrated Development Planning	3 016	1 229
Rural Road Asset Management Systems Grant	2 966 801	2 929 613
Civil Defence Subsidy	69 866	37 026
NC Housing	276 327	715 932
Khotso Pula Nala	23 479	305 634
Training Reserve (SETA)	178 004	701 235
Government Grants and Subsidies - Capital	118 879	678 841
Financial Management Grant	54 816	673 449
Civil Defence Subsidy	64 063	5 392
<b>Total Government Grants and Subsidies</b>	<b>57 967 201</b>	<b>59 226 119</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
Included in above are the following grants and subsidies received:		
<b>Unconditional</b>	52 385 000	51 321 000
Equitable Share	52 385 000	51 321 000
<b>Conditional</b>	5 582 201	7 905 119
Local Government Financial Management Grant	2 000 645	2 199 467
Fire Equipment Grant	-	10 382
Rural Road Asset Management Systems Grant	2 966 801	2 929 613
Civil Defence Subsidy	133 929	42 418
NC Housing	276 327	715 932
Khotso Pula Nala	23 479	305 634
Training Reserve (SETA)	178 004	701 235
Expanded Public Works Programme Integrated Grant	-	999 210
Integrated Development Planning	3 016	1 229
<b>Total Government Grants and Subsidies</b>	<b>57 967 201</b>	<b>59 226 119</b>
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share - Administration	7 814 000	8 021 000
Executive and Council	2 912 343	4 466 371
Finance and Administration	43 866 649	43 450 702
Public Safety	133 929	52 800
Planning and Development	3 240 280	3 235 247
<b>Total Government Grants and Subsidies</b>	<b>57 967 201</b>	<b>59 226 119</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.		
<b>16.1 Finance Management Grant</b>		
Opening balance	2 034	1 501
Grants received	2 000 000	2 200 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 945 829)	(1 526 018)
Conditions met - Capital	(54 816)	(673 449)
Conditions still to be met	1 390	2 034
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		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>16.2 RSC Levies Replacement Grant</b>		
Opening balance	-	-
Grants received	41 688 000	40 550 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(41 688 000)	(40 550 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
This is an unconditional grant established to make provision for income for the District Municipalities after the RSC levies were terminated.		
<b>16.3 Equitable Share</b>		
Opening balance	-	-
Grants received	7 814 000	8 021 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(7 814 000)	(8 021 000)
Conditions met - Capital	-	-
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.		
<b>16.4 Councillors Remuneration Grant</b>		
Opening balance	-	-
Grants received	2 883 000	2 750 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(2 883 000)	(2 750 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
This is an unconditional grant to co-funding the councillors remuneration.		
<b>16.5 Municipal System Improvement Grant</b>		
Opening balance	1 359	1 359
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	1 359	1 359
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>16.6 Rural Roads Asset Management Grant</b>		
Opening balance	1 001	2 614
Grants received	2 967 000	2 928 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(2 966 801)	(2 929 613)
Conditions met - Capital	-	-
Conditions still to be met	1 200	1 001
This grant was established to make provision for the establishment of a roads network.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>16.7 <u>Planning and Implementation Management System</u></b>		
Opening balance	2 255	2 255
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(2 244)	-
Conditions met - Capital	-	-
Conditions still to be met	11	2 255
This is a planning reserve and is utilised for planning purposes.		
<b>16.8 <u>Municipal Disaster Relief Grant</u></b>		
Opening balance	361	361
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	361	361
This grant is used to assist the municipality with the COVID-19 pandemic.		
<b>16.9 <u>Border Fencing</u></b>		
Opening balance	-	-
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
This grant was established to make provision for fencing next to public roads.		
<b>16.10 <u>Civil Defence Subsidy</u></b>		
Opening balance	353 588	396 006
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(69 866)	(37 026)
Conditions met - Capital	(64 063)	(5 392)
Conditions still to be met	219 659	353 588
This conditional grant is to establish a disaster management centre.		
<b>16.11 <u>Expanded Public Works Program</u></b>		
Opening balance	1 004	28 214
Grants received	-	1 000 000
Repaid to National Revenue Fund	-	(28 000)
Conditions met - Operating	-	(999 210)
Conditions met - Capital	-	-
Conditions still to be met	1 004	1 004
This grant service to establish work in local communities.		
<b>16.12 <u>Fire Equipment Grant</u></b>		
Opening balance	1 351	11 733
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(10 382)
Conditions met - Capital	-	-
Conditions still to be met	1 351	1 351
This grant is to assist local municipalities to render a fire service.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>16.13 Integrated Development Planning</b>		
Opening balance	772	2 001
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(772)	(1 229)
Conditions met - Capital	-	-
Conditions still to be met	<u>0</u>	<u>772</u>
This reserve assist the municipality to compile and maintain the Integrated Development Plan.		
<b>16.14 Komaggas Road</b>		
Opening balance	1	1
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>1</u>	<u>1</u>
This grant was used to build the Kommagas road.		
<b>16.15 SA Projects</b>		
Opening balance	8	8
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>8</u>	<u>8</u>
This grant is to create work programmes in local communities.		
<b>16.16 NC Housing</b>		
Opening balance	26 327	142 259
Grants received	250 000	600 000
Conditions met - Operating	(276 327)	(715 932)
Conditions met - Capital	-	-
Conditions still to be met	<u>0</u>	<u>26 327</u>
This grant is to establish a housing unit at the District level.		
<b>16.17 Khotso Pula Nala</b>		
Opening balance	25 996	331 631
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(23 479)	(305 634)
Conditions met - Capital	-	-
Conditions still to be met	<u>2 517</u>	<u>25 996</u>
This grant originated from the Department Roads and Public Works and is used for projects determined by the Department.		
<b>16.18 Electronic Filing System</b>		
Opening balance	4 798	4 798
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>4 798</u>	<u>4 798</u>
The grant was used to implement an electronic filing system.		



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>16.19 Training Reserve (SETA)</b>		
Opening balance	93 469	6 583
Grants received	536 000	788 121
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(178 004)	(701 235)
Conditions met - Capital	-	-
Conditions still to be met	<u>451 464</u>	<u>93 469</u>
This is the amount claimed back from SETA for training and is utilised for training.		
<b>16.20 Total Grants</b>		
Opening balance	514 322	931 321
Grants received	58 138 000	58 837 121
Repaid to National Revenue Fund	-	(28 000)
Conditions met - Operating	(57 848 321)	(58 547 278)
Conditions met - Capital	(118 879)	(678 841)
Conditions still to be met/(Grant expenditure to be recovered)	<u>685 121</u>	<u>514 322</u>
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	685 121	514 322
Unpaid Conditional Government Grants and Receipts	-	-
<b>Total</b>	<u><b>685 121</b></u>	<u><b>514 322</b></u>
	<b>2022 R</b>	<b>2021 R</b>
<b>17 CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT</b>		
Mubeko Africa	7 197	-
<b>Total Contributed Property, Plant and Equipment</b>	<u><b>7 197</b></u>	<u>-</u>
	<b>2022 R</b>	<b>2021 R</b>
Disclosed as follows:		
Revenue from Non-Exchange Transactions	7 197	-
Revenue from Exchange Transactions	-	-
<b>Total Licences and Permits</b>	<u><b>7 197</b></u>	<u>-</u>
	<b>2022 R</b>	<b>2021 R</b>
<b>18 SALES OF GOODS AND RENDERING OF SERVICES</b>		
Management Fees	2 542 245	-
<b>Total Sales of Goods and Rendering of Services</b>	<u><b>2 542 245</b></u>	<u>-</u>
	<b>2022 R</b>	<b>2021 R</b>
<b>19 RENTAL FROM FIXED ASSETS</b>		
Rental of facilities	1 212 000	1 134 424
<b>Total Rental from Fixed Assets</b>	<u><b>1 212 000</b></u>	<u><b>1 134 424</b></u>
<b>20 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Financial assets	615 642	543 017
<b>Total Interest Earned - External Investments</b>	<u><b>615 642</b></u>	<u><b>543 017</b></u>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>21 INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Other Receivables	54 110	67 439
<b>Total Interest Earned - Outstanding Receivables</b>	<b>54 110</b>	<b>67 439</b>
<b>22 OPERATIONAL REVENUE</b>		
Commission	3 852	4 908
Inspection Fees	87 575	97 656
Insurance Refund	41 174	-
Management Fees	132 750	127 304
Services rendered to Construction Education and Training Authority	1 937 943	2 541 865
Balance previously stated		2 363 000
Correction of Error - Note 34.5		178 864
Services rendered to Department Health	92 651	408 124
Services rendered to Department Economic Development and Tourism	449 861	430 000
<b>Total Operational Revenue</b>	<b>2 745 807</b>	<b>3 609 857</b>
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	2 745 807	3 609 857
Revenue from Non-Exchange Transactions	-	-
<b>Total Operational Revenue</b>	<b>2 745 807</b>	<b>3 609 857</b>
<b>23 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	27 633 604	27 345 115
Pension and UIF Contributions	4 571 128	4 262 781
Medical Aid Contributions	1 499 161	1 414 082
Overtime	345 382	308 313
Bonuses	2 016 897	1 783 767
Motor Vehicle Allowance	2 488 038	2 439 429
Cell Phone Allowance	195 821	200 584
Housing Allowances	591 619	591 686
Other benefits and allowances	18 247	122 210
Balance previously stated		110 247
Correction of Error - Note 34.5		11 962
Payments in lieu of leave	238 558	125 755
Workmen's Compensation Fund	196 039	171 936
Post-retirement Benefit Obligations	436 000	420 000
	40 230 493	39 185 658
<b>Less:</b> Employee Costs allocated elsewhere	-	-
Cost Capitalised to PPE	-	-
Cost allocated to Inventory	-	-
<b>Total Employee Related Costs</b>	<b>40 230 493</b>	<b>39 185 658</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager - C J Fortuin</i>		
Annual Remuneration	890 529	896 609
Performance- and other bonuses	44 380	44 380
Allowances	301 200	297 437
Contributions to UIF, Medical and Pension Funds	157 671	155 382
<b>Total</b>	<b>1 393 780</b>	<b>1 393 808</b>
<i>Remuneration of the Chief Finance Officer - R Datadin</i>		
Annual Remuneration	1 127 643	1 086 734
Performance- and other bonuses	52 061	50 300
Allowances	122 506	117 842
Contributions to UIF, Medical and Pension Funds	166 272	160 181
Long service awards	-	18 108
<b>Total</b>	<b>1 468 482</b>	<b>1 433 165</b>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>Remuneration of Senior Manager: Corporate and Municipal Health Services - GE Cloete</b>		
Annual Remuneration	988 223	940 810
Performance- and other bonuses	50 301	48 600
Allowances	148 029	153 523
Contributions to UIF, Medical and Pension Funds	110 776	106 789
<b>Total</b>	<b>1 297 329</b>	<b>1 249 722</b>
<b>Remuneration of Senior Manager: Economic Development and Planning - JT Loubser</b>		
Annual Remuneration	945 635	908 310
Performance- and other bonuses	124 041	75 693
Long service award	47 005	-
Payments in lieu of leave	157 786	-
Allowances	141 603	136 247
Contributions to UIF, Medical and Pension Funds	228 621	222 586
<b>Total</b>	<b>1 644 691</b>	<b>1 342 836</b>
<b>Remuneration of Senior Manager: Municipal Support Unit - HW Niehaus</b>		
Annual Remuneration	685 521	273 966
Performance- and other bonuses	25 875	-
Allowances	212 428	86 361
Contributions to UIF, Medical and Pension Funds	2 125	772
Acting allowance	1 695	18 645
<b>Total</b>	<b>927 644</b>	<b>379 744</b>
<b>Remuneration of Manager: Projects - I Smith</b>		
Annual Remuneration	620 820	596 928
Performance- and other bonuses	51 485	49 744
Allowances	183 406	175 538
Contributions to UIF, Medical and Pension Funds	142 810	137 610
<b>Total</b>	<b>998 521</b>	<b>959 820</b>
<b>Remuneration of Manager: Maintenance and Household Services - E Bezuidenhout</b>		
Annual Remuneration	698 580	672 060
Performance- and other bonuses	57 965	56 005
Allowances	181 385	172 888
Contributions to UIF, Medical and Pension Funds	149 466	144 074
<b>Total</b>	<b>1 087 396</b>	<b>1 045 027</b>
<b>Remuneration of Head Accountant: Budget and Treasury - C Brown</b>		
Annual Remuneration	514 080	482 196
Performance- and other bonuses	42 590	40 183
Allowances	133 212	128 475
Contributions to UIF, Medical and Pension Funds	148 984	139 980
<b>Total</b>	<b>838 866</b>	<b>790 835</b>
<b>Remuneration of Manager: Municipal Health Services - D Smith</b>		
Annual Remuneration	538 920	505 596
Performance- and other bonuses	44 660	42 133
Allowances	147 473	141 158
Contributions to UIF, Medical and Pension Funds	120 727	114 111
<b>Total</b>	<b>851 781</b>	<b>802 997</b>
	<b>2022 R</b>	<b>2021 R</b>
<b>Total Key Management Remuneration</b>		
Annual Remuneration	7 009 951	6 363 209
Performance- and other bonuses	493 358	407 038
Allowances	1 571 242	1 409 470
Contributions to UIF, Medical and Pension Funds	1 227 452	1 181 485
Acting allowance	1 695	18 645
Payments in lieu of leave	157 786	-
Long service awards	47 005	18 108
<b>Total</b>	<b>10 508 489</b>	<b>9 397 954</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>24 REMUNERATION OF COUNCILLORS</b>		
MJ Cloete - Councillor - Executive Mayor	784 621	605 801
HJ Jack - Councillor (Term ended)	147 149	404 592
GY Pieters - Councillor - Speaker	617 791	433 597
PA Van Heerden - Councillor	260 827	-
JE Davids - Councillor (Term Ended)	37 556	105 101
E Hough - Councillor	208 055	-
CR Warne - Councillor	287 429	316 830
G Gous - Councillor (Term ended)	5 669	17 006
ZP De Jongh - Councillor	16 310	17 339
WJP Links - Councillor (Resigned)	91 410	99 123
AM Beukes - Councillor	322 882	316 830
AS Minnie - Councillor (Term ended)	113 334	316 830
EP Cloete - Councillor (Term ended)	127 335	306 819
AW Beukes - Councillor (Term ended)	114 848	316 830
FJ Farao - Councillor (Term ended)	109 779	316 830
CG Coetzee - Councillor (Term ended)	1 103	6 619
MR Grace - Councillor	66 481	-
AM Julie - Councillor	10 114	-
JH Wilschut - Councillor	43 241	-
CA Waterboer - Councillor	10 114	-
TF Bantom - Councillor	10 114	-
EC Oliphant - Councillor	61 310	-
LE Petersen - Councillor	5 780	-
RD Thomas - Councillor	9 851	-
JC Losper - Councillor	10 114	-
S Cloete - Councillor	10 114	-
RJ Cloete - Councillor	333 301	-
RH Cloete - Councillor	137 775	-
BC Brandt - Councillor	1 103	-
GJ Coetzee - Councillor	16 084	17 339
<b>Total Councillors' Remuneration</b>	<b>3 971 596</b>	<b>3 597 488</b>

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	758 241	-	26 380	-	784 621
Speaker	487 961	103 450	26 380	-	617 791
Chief Whip	97 556	17 027	17 642	-	132 224
Executive Committee Members	421 465	123 789	42 246	-	587 500
Section 79 Committee Chairperson	331 599	108 640	20 398	-	460 636
Councillors	938 382	284 040	166 402	-	1 388 824
<b>Total Councillors' Remuneration</b>	<b>3 035 203</b>	<b>636 945</b>	<b>299 447</b>	<b>-</b>	<b>3 971 596</b>

***In-kind Benefits***

The Executive Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor as well as the Speaker may utilise official Council transportation when engaged in official duties.

Councillors receive the use of laptops upon commencing their term in order to perform their daily tasks. Upon completion of their term, they must return the laptops.

	2022 R	2021 R
<b>25 CONTRACTED SERVICES</b>		
Outsourced Services	151 591	37 681
Alien Vegetation Control	151 591	19 681
Burial Services	-	18 000
Consultants and Professional Services	7 732 906	8 349 673
Business and Advisory	4 612 789	5 700 296
Accounting and Auditing	815 600	-
Audit Committee	82 749	75 922
Actuaries	47 826	-
Business and Financial Management	980 542	1 010 930
Project Management	449 861	509 315
Previously stated		526 562
Correction of Error - Note 34.5		(17 247)
Research and Advisory	2 236 210	4 104 129
Infrastructure and Planning	2 631 292	2 353 494
Civil	2 581 314	2 353 494
Land and Quantity Surveyors	49 978	-
Laboratory Services	5 384	2 309
Medical	766	-
Water	4 618	2 309
Legal Cost	483 440	293 574
Legal Advice and Litigation	483 440	293 574

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
Contractors	1 248 192	1 289 077
Artists and Performers	30 000	3 585
Building	57 114	83 586
Catering Services	302 665	350 194
Electrical	9 472	20 469
Employee Wellness	16 842	17 117
Fire Services	-	9 914
Gardening Services	941	2 049
Maintenance of Buildings and Facilities	255 671	332 768
Maintenance of Equipment	469 444	372 497
Previously stated		374 724
Correction of Error - Note 34.5		(2 228)
Maintenance of Unspecified Assets	104 044	89 899
Transportation	-	7 000
Safeguard and Security	2 000	-
Stage and Sound Crew	-	-
<b>Total Contracted Services</b>	<b>9 132 690</b>	<b>9 676 431</b>
<b>26 DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	1 373 735	1 497 708
Intangible Assets	61 310	57 801
Investment Property carried at cost	429	13 094
<b>Total Depreciation and Amortisation</b>	<b>1 435 474</b>	<b>1 568 603</b>
<b>27 FINANCE COSTS</b>		
Long-term Borrowings	68 162	22 966
Non-current Employee Benefits	1 769 000	1 494 000
<b>Total Finance Costs</b>	<b>1 837 162</b>	<b>1 516 966</b>
<b>28 TRANSFERS AND SUBSIDIES</b>		
Capital	109 128	140 031
Allocations In-kind	109 128	122 031
Households	109 128	122 031
Monetary Allocations	-	18 000
Provincial Government	-	18 000
Operational	326 922	565 364
Allocations In-kind	9 993	29 900
Households	9 993	29 900
Monetary Allocations	316 929	535 464
Departmental Agencies and Accounts	-	100 000
Households	-	14 850
Non-profit Institutions	-	150 000
Namakwa Sports Council	256 029	200 000
Unspecified	60 900	70 614
Previously stated		71 664
Correction of Error - Note 34.5		(1 049)
Public Corporations	-	-
Provincial Government	-	-
<b>Total Transfers and Subsidies</b>	<b>436 051</b>	<b>705 395</b>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
<b>29 OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	270 909	320 978
Previously stated		321 054
Correction of Error - Note 34.5		(76)
Assets less than the Capitalisation Threshold	5 296	3 626
Audit Fees	2 320 613	2 166 002
Bank Charges, Facility and Card Fees	38 481	44 499
Bursaries (Employees)	78 969	63 000
Courier and Delivery Services	104	391
Communication	360 072	353 594
Previously stated		356 016
Correction of Error - Note 34.5		(2 422)
Deeds	1 895	221
Entertainment	25 420	16 173
External Computer Service	777 324	576 925
Previously stated		539 976
Correction of Error - Note 34.5		36 949
Insurance Underwriting	413 195	401 277
Licences	20 253	17 308
Municipal Services	1 020 931	921 471
Previously stated		925 275
Correction of Error - Note 34.5		(3 804)
Printing, Publications and Books	216 046	128 259
Professional Bodies, Membership and Subscription	500 000	370 984
Registration Fees	35 359	-
Skills Development Fund Levy	367 211	292 709
Transport Provided as Part of Departmental Activities	17 400	61 043
Travel and Subsistence	2 514 021	2 309 592
Previously stated		2 322 192
Correction of Error - Note 34.5		(12 600)
Uniform and Protective Clothing	13 731	-
Wet Fuel	770 470	670 562
Inventory consumed - Consumables	137 142	145 569
Previously stated		145 737
Correction of Error - Note 34.5		(169)
Inventory consumed - Materials and Supplies	-	143 544
Previously stated		143 639
Correction of Error - Note 34.5		(95)
<b>Total Operational Costs</b>	<b>9 904 841</b>	<b>9 007 726</b>
<b>30 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 5	16 550	64 517
Receivables from Non-exchange Revenue - Note 6	39 555	52 442
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>56 105</b>	<b>116 959</b>
<b>31 GAINS/(LOSS) ON SALE OF FIXED ASSETS</b>		
Intangible Assets	(3)	1
Property, Plant and Equipment	(9 255)	(1 595)
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>(9 258)</b>	<b>(1 594)</b>
<b>32 REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS</b>		
Intangible Assets	-	-
Property, Plant and Equipment	(2 154)	(11 017)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets</b>	<b>(2 154)</b>	<b>(11 017)</b>
<b>33 RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA</b>		
The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. Changes in the current mSCOA charts for 2021/22 financial year did not result in any reclassifications of 2021 balances previously reported.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

34 CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

	2022 R	2021 R
<b>34.1 Receivables from Non-Exchange Transactions</b>		
Balance previously reported	-	4 025 229
Sundry Receivables not recognised in periods before 1 July 2020 - Note 6	-	(373 187)
Sundry Receivables not recognised in 2020/21 - Note 6	-	11 760
Operational revenue recognised incorrectly in 2020/2021 - Note 6	-	178 864
<b>Restated Balance</b>	<b>-</b>	<b>3 842 666</b>
<i>Recovered amounts of Medical Aid Contributions not recognised in prior years and Operational Revenue recognised incorrectly in prior year</i>		
<b>34.2 Trade and Other Payables from Exchange Transactions</b>		
Balance previously reported	-	2 833 035
Payables recognised incorrectly in 2020/2021 - Note 12	-	48 911
<b>Restated Balance</b>	<b>-</b>	<b>2 881 947</b>
<i>Creditors recognised incorrectly in previous years.</i>		
<b>34.3 Taxes</b>		
Balance previously reported		205 269
Input VAT recognised incorrectly in periods before 1 July 2020 - Note 14.3		166 505
Output VAT recognised incorrectly in periods before 1 July 2020 - Note 14.3		(68 717)
Input VAT recognised incorrectly in 2020/2021 - Note 14.3		27 931
<b>Restated Balance</b>	<b>-</b>	<b>330 987</b>
<i>Correction of taxes declared and claimed in previous financial years.</i>		
<b>34.4 Accumulated Surplus/(Deficit) - 1 July 2020</b>		
Sundry Receivables not recognised in periods before 1 July 2019 - Note 34.2	-	(373 187)
Input VAT recognised incorrectly in periods before 1 July 2020 - Note 14.3	-	166 505
Output VAT recognised incorrectly in periods before 1 July 2020 - Note 14.3	-	(68 717)
<b>Total</b>	<b>-</b>	<b>(275 399)</b>
<b>34.5 Changes to Statement of Financial Performance</b>		
Movement on operating account as a result of GRAP standards not implemented in prior years:		
	<b>2022 R</b>	<b>2021 R</b>

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>				
Government Grants and Subsidies		59 226 119	-	59 226 119
Rental from Fixed Assets		1 134 424	-	1 134 424
Interest Earned - External Investments		543 017	-	543 017
Interest Earned - Exchange Transactions		67 439	-	67 439
Operational Revenue	<b>34.1</b>	3 430 993	178 864	3 609 857
<b>Total</b>		<b>64 401 992</b>	<b>178 864</b>	<b>64 580 856</b>
<b>Expenditure</b>				
Employee related costs	<b>34.2</b>	(39 173 696)	(11 962)	(39 185 658)
Remuneration of Councillors		(3 597 488)	-	(3 597 488)
Contracted Services	<b>34.3</b>	(9 695 906)	19 474	(9 676 431)
Depreciation and Amortisation		(1 568 603)	-	(1 568 603)
Actuarial Losses		(2 602 466)	-	(2 602 466)
Finance Costs		(1 516 966)	-	(1 516 966)
Transfers and Subsidies	<b>34.3</b>	(706 445)	1 049	(705 395)
Operational Costs	<b>34.3</b>	(8 989 944)	(17 782)	(9 007 726)
<b>Total</b>		<b>(67 874 821)</b>	<b>(9 221)</b>	<b>(67 884 042)</b>
<b>Gains and Losses</b>				
Reversal of Impairment Loss/(Impairment Loss) on Receivables		116 959	-	116 959
Gains/(Loss) on Sale of Fixed Assets		(1 594)	-	(1 594)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(11 017)	-	(11 017)
<b>Total</b>		<b>104 348</b>	<b>-</b>	<b>104 348</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(3 368 480)</b>	<b>169 644</b>	<b>(3 198 837)</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>35 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	307 782	(3 198 837)
<b>Adjustments for:</b>		
Depreciation and Amortisation	1 435 474	1 573 777
Loss/(Gain) on Sale of Fixed Assets	9 258	1 594
Impairment Loss/(Reversal of Impairment Loss)	2 154	11 017
Government Grants and Subsidies received	58 138 000	58 809 121
Government Grants and Subsidies recognised as revenue	(57 967 201)	(59 226 119)
Contribution from/to provisions - Non-Current Employee Benefits	626 954	536 534
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	79 277	147 709
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(2 213 231)	2 454 757
Contribution from/to - Current Employee Benefits	(98 483)	94 868
Reversal of Provision for Bad Debt	(56 105)	(116 959)
Operating Surplus/(Deficit) before changes in working capital	263 879	1 087 461
Changes in working capital	4 805 818	790 179
Increase/(Decrease) in Trade and Other Payables	757 396	242 949
Increase/(Decrease) in Taxes	471 939	(72 908)
Increase/(Decrease) in Consumer Deposits	(0)	1 109
(Increase)/Decrease in Trade Receivables from Exchange Transactions	284 936	(44 733)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	3 291 547	663 762
<b>Cash generated/(absorbed) by operations</b>	<b>5 069 697</b>	<b>1 877 640</b>
<b>36 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 7	1 429 449	141 909
Call Deposits and Investments - Note 7	7 715 484	4 669 002
Cash Floats - Note 7	500	500
<b>Total cash and cash equivalents</b>	<b>9 145 434</b>	<b>4 811 411</b>
<b>37 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 36	9 145 434	4 811 411
<b>Less:</b>	(685 121)	(514 322)
Unspent Transfers and Subsidies - Note 13	(685 121)	(514 322)
Net cash resources available for internal distribution	8 460 312	4 297 089
Allocated to:		
Capital Replacement Reserve	(101 551)	(64 781)
<b>Resources available for working capital requirements</b>	<b>8 358 761</b>	<b>4 232 307</b>
<b>38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 8	45 339	164 762
Used to finance property, plant and equipment - at cost	(45 339)	(164 762)
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		



**39 BUDGET INFORMATION**

The Annual Budget of the Municipality is prepared for a 2021/22 MTREF period and is applicable from 1 July 2021 until 30 June 2022.

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.

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

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the Covid-19 pandemic on revenue, increase in consumer debtors, reprioritising of operating and capital projects.

**Explanation of variances greater than 10%: Final Budget and Actual Amounts**

**39.2 Statement of Financial Position**

**39.2.1 Current Assets**

Cash

*Decrease in Cash due to budgeting for deficits and budgeting for all cash under cash section.*

Call Investment Deposits

*Increase in Call Investment Deposits due to the budgeting for all cash under cash section.*

Consumer Debtors

*Decrease in Consumer Debtors due to the receipt of payments from Government departments on outstanding debt.*

**39.2.2 Non-Current Assets**

Investment Property

*Decrease due to the depreciation on Investment Property.*

Property, Plant and Equipment

*Decrease due to the capital expenditure less than budgeted for due to, amongst others, under expenditure on finance lease assets.*

**39.2.3 Current Liabilities**

Borrowing

*Decrease in borrowing due to the under expenditure of finance lease assets.*

Consumer Deposits

*Increase due to current rental deposits.*

Trade and Other Payables

*Increase in payables due to outstanding amounts in relation to Department Agriculture, Forestry and Fisheries as well as the PAYE, SDL and UIF of June 2022 only paid in July 2022.*

**39.2.4 Non-Current Liabilities**

Borrowing

*Decrease in borrowing due to the under expenditure of finance lease assets.*

Provisions

*Decrease due to actuarial gain on post-retirement benefits.*

**39.2.5 Net Assets**

Accumulated Surplus/(Deficit)

*Decrease due to actual operating deficits.*

Reserves

*Increase due to capital budget funded out of Capital Replacement Reserve.*

**Statement of Financial Performance**

**39.2.6 Revenue**

Interest Earned - External Investments

*Decrease due to withdrawal of capital to fund operating deficit. Covid-19 had a significant impact on interest rates.*

Interest Earned - Outstanding Debtors

*Decrease due to payment against outstanding debtors.*

Other Revenue

*Decrease due to Work for Water projects not realised during the year.*

**39.2.7 Expenditure**

Employee Related Costs

*Decrease due to vacant positions not filled, and actuarial gains and losses of R 2 133 954 included as R 0 in budget relating to post-retirement benefits.*

Debt Impairment

*Reversal of debt impairment which did not realise during the financial year.*

Depreciation and Asset Impairment

*Additional depreciation as a result of review of useful lives and acquisition of new assets.*

Finance Charges

*Increase due to post-retirement interest cost budgeted under employed related costs as per National Treasury.*

Other Materials

*Decrease due to expenditure classified as operational cost for financial statement purposes*

Contracted Services

*Decrease due to the delayed / non-implementation of functions on behalf of provincial departments.*

Transfers and Grants

*Decrease due to reclassification of priorities.*

Loss on Disposal of PPE

*Increase due to write-off of assets*

**Cash Flow Statement**

**39.2.8 Net Cash from Operating Activities**

Receipts

*Variances due to decrease in functions performed on behalf of Provincial Departments, increase in cash and cash equivalents and reprioritising of projects. Interest rates also significantly decreased as a result of Covid-19.*

Payments

*Decrease due to reprioritising of projects and budget monitoring.*

**39.2.9 Net Cash from Financing Activities**

Repayment of Borrowing

*Decrease due to the expected purchase of finance lease assets that did not materialise.*

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>40.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	6 294 398	1 929 655
Correction of prior period error	-	-
Restated opening balance	6 294 398	1 929 655
Unauthorised expenditure current year - operational	2 043 249	6 294 398
Unauthorised expenditure current year - capital	-	-
Approved by Council on 31 May 2022	(6 294 398)	(1 929 655)
Current	-	-
Prior Period	(6 294 398)	(1 929 655)
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	<b>2 043 249</b>	<b>6 294 398</b>

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget - 2021/22	None
	2 043 249
	<b>2 043 249</b>

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	2 043 249	6 294 398
Cash	-	-
	<b>2 043 249</b>	<b>6 294 398</b>

**Analysed as follows: Non-cash**

Reversal of debt impairment not realised	2 043 249	6 053 261
Actuarial losses from post-employment medical care benefits	-	201 664
Depreciation under budgeted for	-	39 473
	<b>2 043 249</b>	<b>6 294 398</b>

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

	2022 Actual R	2022 Final Budget R	2022 Variance R	2022 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - Municipal Manager	18 507 041	18 981 445	(474 404)	-
Vote 2 - Manager: Corporate Services	12 493 322	14 218 745	(1 725 423)	-
Vote 3 - Manager: Economic Development	11 898 667	14 904 272	(3 005 605)	-
Vote 4 - Manager: Environmental Health	11 102 015	11 216 348	(114 333)	-
Vote 5 - Manager: Finance	7 352 135	5 308 886	2 043 249	2 043 249
Vote 6 - Manager: Roads	(0)	879 386	(879 386)	-
Vote 7 - Manager: Municipal Support Unit	6 211 574	9 992 727	(3 781 153)	-
	<b>67 564 754</b>	<b>75 501 809</b>	<b>(7 937 055)</b>	<b>2 043 249</b>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 Actual R	2022 Final Budget R	2022 Variance R	2022 Unauthorised R
<b>Unauthorised expenditure current year - capital</b>				
Vote 1 - Municipal Manager	123 548	616 740	(493 192)	-
Vote 2 - Manager: Corporate Services	199 190	212 900	(13 710)	-
Vote 3 - Manager: Economic Development	5 283	7 700	(2 417)	-
Vote 4 - Manager: Environmental Health	123 866	140 000	(16 134)	-
Vote 5 - Manager: Finance	157 168	160 200	(3 032)	-
Vote 6 - Manager: Roads	-	-	-	-
Vote 7 - Manager: Municipal Support Unit	-	-	-	-
	<u>609 054</u>	<u>1 137 540</u>	<u>(528 486)</u>	<u>-</u>

	2022 R	2021 R
<b>40.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	20 065	19 846
Correction of prior period error	-	-
Restated opening balance	20 065	19 846
Fruitless and wasteful expenditure current year	-	8 305
Recovered from individual	-	-
Condoned or written off by Council on 31 May 2022	(20 065)	(8 086)
Current	-	-
Prior Period	(20 065)	(8 086)
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	-	<b>20 065</b>

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Accommodation booked but due to unforeseen circumstances, Councillor returned back to head office - 2019/20	None	-	11 760
Workshop cancelled due to raise in Covid-19 cases - 2020/21	None	-	2 100
Workshop cancelled on short notice - 2020/21	None	-	2 240
Towing service call out to perform service but unavailability due to miscommunication - 2020/21	None	-	3 965
		-	<b>20 065</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>40.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure:		
Opening balance	132 431	4 330 853
Correction of prior period error	-	-
Restated opening balance	132 431	4 330 853
Irregular expenditure current year	650	132 431
Expenditure authorised i.t.o. Section 32 of MFMA by Council on 31 May 2022 and 29 August 2022	(133 081)	(4 330 853)
Current	(650)	-
Prior Period	(132 431)	(4 330 853)
Condonement supported by council		
Current	-	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned		
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	<b>0</b>	<b>132 431</b>

Irregular expenditure awaiting further action can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings		
Supplier not registered on Central Supplier Database (CSD) - 2020/21	None	-	20 482
Section 32 contracts ended but services still rendered and paid to service providers - 2020/21	None	-	80 134
Non Compliance with SCM Regulations on quotations - Regulation 44(a) - 2020/21	None	-	13 815
Non Compliance with SCM Regulations on quotations - Regulation 43(1) - 2020/21	None	-	18 000
		-	132 431

**41. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**41.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)**

Opening balance	-	-
Council subscriptions	500 000	370 984
Amount paid - current year	(500 000)	(370 984)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>41.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year audit fee	2 320 613	2 166 002
External Audit - Auditor-General	2 320 613	2 166 002
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(2 320 613)	(2 166 002)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>41.3 VAT - [MFMA 125 (1)(c)]</b>		
Opening balance	264 607	258 010
Correction of prior period error	-	-
Restated opening balance	264 607	258 010
Amounts received - previous year	-	-
Amounts received - current year	(1 583 137)	(1 481 692)
Amount claimed - current year	1 528 330	1 488 289
Amount claimed - previous year	-	-
<b>Closing balance</b>	<b>209 800</b>	<b>264 607</b>
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
<b>41.4 PAYE and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	7 413 406	6 813 787
Amount paid - current year	(7 413 406)	(6 813 787)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>41.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	11 644 826	11 194 792
Amount paid - current year	(11 644 826)	(11 194 792)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

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

30 June 2022

	Total	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
July	249 491	149 310	-	100 180	-
August	74 366	18 199	-	56 167	-
September	80 319	7 085	-	73 234	-
October	304 128	224 693	-	79 435	-
November	110 458	56 997	-	53 461	-
December	181 049	117 555	-	63 494	-
January	177 369	122 894	-	54 475	-
February	99 300	35 308	-	63 992	-
March	89 694	61 182	-	28 512	-
April	65 534	53 897	-	11 637	-
May	164 782	7 546	-	157 236	-
June	416 206	9 973	-	406 233	-
	<u>2 012 696</u>	<u>864 639</u>	<u>-</u>	<u>1 148 058</u>	<u>-</u>

30 June 2021

	Total	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
July	50 126	44 058	-	6 068	-
August	164 425	51 487	-	112 938	-
September	162 111	120 170	-	38 985	2 955
October	172 394	130 651	-	37 044	4 700
November	103 291	66 247	-	37 044	-
December	450 594	413 550	-	37 044	-
January	163 022	125 978	-	37 044	-
February	104 684	67 640	-	37 044	-
March	148 321	107 910	-	40 411	-
April	630 977	628 263	-	2 714	-
May	15 042	2 350	-	12 692	-
June	896 704	756 924	-	139 781	-
	<u>3 061 691</u>	<u>2 515 228</u>	<u>-</u>	<u>538 809</u>	<u>7 655</u>

2022  
R

2021  
R

42 **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.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent 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.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follows:		
1% (2021: 1%) Increase in interest rates	90 996	46 461
1% (2021: 1%) Decrease in interest rates	(90 996)	(46 461)

**(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.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 5 and 6 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
Property Rentals	5.32%	794 498	7.08%	1 089 563
Other	94.68%	14 134 585	92.92%	14 306 311
	<u>100.00%</u>	<u>14 929 082</u>	<u>100.00%</u>	<u>15 395 874</u>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 5 and 6 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follows:

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
Other	96.11%	13 543 910	96.01%	13 583 465
Property Rentals	3.89%	548 177	3.99%	564 727
	<u>100.00%</u>	<u>14 092 088</u>	<u>100.00%</u>	<u>14 148 192</u>

The provision for bad debts could be allocated between the different categories of receivables as follows:

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
Government	93.72%	13 207 777	93.23%	13 190 465
Industrial	2.39%	336 134	2.78%	393 000
Residential	3.89%	548 177	3.99%	564 727
	<u>100.00%</u>	<u>14 092 088</u>	<u>100.00%</u>	<u>14 148 192</u>



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

<u>Ageing of amounts past due but not impaired are as follow:</u>	Exchange Receivables	Non-exchange Receivables
<b>2022</b>		
1 month past due	78 376	4 801
2+ months past due	74 205	570 429
	<u>152 581</u>	<u>575 231</u>
<b>2021</b>		
1 month past due	64 524	249 572
2+ months past due	295 203	4 266 423
	<u>359 727</u>	<u>4 515 994</u>

The entity 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 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.

	2022 R	2021 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	912 829	1 197 765
Receivables from non-exchange transactions	14 134 585	17 426 132
Cash and Cash Equivalents	9 144 934	4 810 911
	<u>24 192 347</u>	<u>23 434 807</u>

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end 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>2022</b>				
Long-term Liabilities	35 812	14 922	-	-
Trade and Other Payables	3 639 343	-	-	-
	<u>3 675 155</u>	<u>14 922</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2021</b>				
Long-term Liabilities	134 379	50 734	-	-
Trade and Other Payables	2 881 947	-	-	-
	<u>3 016 326</u>	<u>50 734</u>	<u>-</u>	<u>-</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

43 FINANCIAL INSTRUMENTS

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

43.1	<u>Financial Assets</u>	<u>Classification</u>	2022 R	2021 R
	<b>Receivables from Exchange Transactions</b>			
	Property Rentals	Financial Instruments at amortised cost	794 498	1 089 563
	Other Arrears	Financial Instruments at amortised cost	-	-
	<b>Cash and Cash Equivalents</b>			
	Bank Balances	Financial Instruments at amortised cost	1 429 449	141 909
	Call Deposits	Financial Instruments at amortised cost	7 715 484	4 669 002
	<b>Total Financial Assets</b>		<b>9 939 431</b>	<b>5 900 474</b>
	<b>SUMMARY OF FINANCIAL ASSETS</b>			
	<b>Financial Instruments at amortised cost:</b>			
	Receivables from Exchange Transactions	Property Rentals	794 498	1 089 563
	Receivables from Exchange Transactions	Other Arrears	-	-
	Cash and Cash Equivalents	Bank Balances	1 429 449	141 909
	Cash and Cash Equivalents	Call Deposits	7 715 484	4 669 002
			9 939 431	5 900 474
	<b>Total Financial Assets</b>		<b>9 939 431</b>	<b>5 900 474</b>
43.2	<u>Financial Liabilities</u>	<u>Classification</u>		
	<b>Long-term Liabilities</b>			
	Capitalised Lease Liability	Financial Instruments at amortised cost	45 339	164 762
	<b>Trade and Other Payables</b>			
	Trade Payables	Financial Instruments at amortised cost	798 128	510 483
	Advance Payments	Financial Instruments at amortised cost	56 653	48 209
	Department of Environmental affairs - Work for Water	Financial Instruments at amortised cost	2 525	2 525
	Other Payables	Financial Instruments at amortised cost	2 781 898	2 320 729
	<b>Cash and Cash Equivalents</b>			
	Bank Overdraft	Financial Instruments at amortised cost	-	-
			3 684 544	3 046 709
	<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
	<b>Financial instruments at amortised cost:</b>			
	Long-term Liabilities	Capitalised Lease Liability	45 339	164 762
	Trade and Other Payables	Trade Payables	798 128	510 483
	Trade and Other Payables	Advance Payments	56 653	48 209
	Trade and Other Payables	Control, Clearing and Interface Accounts	2 525	2 525
	Trade and Other Payables	Other Payables	2 781 898	2 320 729
			3 684 544	3 046 709

44 STATUTORY RECEIVABLES

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>Taxes</b>		
VAT Receivable	209 800	264 607
<b>Total Statutory Receivables (before provision)</b>	<b>209 800</b>	<b>264 607</b>
<b>Less:</b> Provision for Debt Impairment	-	-
<b>Total Statutory Receivables (after provision)</b>	<b>209 800</b>	<b>264 607</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.

Interest Received from Statutory Receivables

Taxes	-	-
	-	-

**45 PRIVATE PUBLIC PARTNERSHIPS**

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

**46 CONTINGENT LIABILITY**

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

**47 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**47.1 Compensation of key management personnel**

The compensation of key management personnel is set out in note 23 to the Annual Financial Statements.

**47.2 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 2022:

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
C.J Fortuin	Municipal Manager	93 731	25 888	93 776
R Datadin	Chief Financial Officer	96 758	30 369	17 782
GE Cloete	Head: Corporate and Municipal Health Services	31 533	29 342	54 505
JT Loubser	Head: Economic Development and Planning	-	-	69 833
HW Niehaus	Head: Municipal Support Unit	16 394	18 113	55 326
		<b>238 415</b>	<b>103 712</b>	<b>291 222</b>

The transactions above were concluded in arm's length.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2021:

<b>Name</b>	<b>Position</b>	<b>Staff Leave Obligations</b>	<b>Staff Bonus Obligations</b>	<b>Travel and Subsistence paid</b>
CJ Fortuin	Municipal Manager	74 558	25 888	73 509
R Datadin	Chief Financial Officer	82 307	29 342	13 610
GE Cloete	Head: Corporate and Municipal Health Services	25 801	28 350	40 597
JT Loubser	Head: Economic Development and Planning	134 285	44 154	39 193
HW Niehaus	Head: Municipal Support Unit	11 520	12 500	16 282
		<b>328 471</b>	<b>140 234</b>	<b>183 192</b>

The transactions above were concluded in arm's length.

				<b>2022 R</b>	<b>2021 R</b>
<b>47.3 Other related party transactions</b>					
The following purchases were made during the year where Councillors or staff have an interest:					
<b>Company Name</b>	<b>Related Party</b>	<b>Service Capacity</b>	<b>Relationship</b>		
Afren Power Projects (Pty) Ltd	C Jantjies	Accountant	Wife	-	-
GPJ Solar Electric (Pty) Ltd	C Jantjies	Accountant	Wife	35 221	33 820
				<b>35 221</b>	<b>33 820</b>

The transactions above were concluded in arm's length.

**48 FINANCIAL SUSTAINABILITY**

**Financial Indicators**

We draw attention to the fact that, as at 30 June 2022, several factors exist that might influence the ability of the municipality to continue as a going concern.

These factors include:

- The non-current employee benefit liability is not cashed back;
- The provision for impairment of receivables is high at R 14 092 088 (2021: R14 148 191) whereby the majority of impairment is due to debts owed by government departments;
- The Municipality's total liabilities exceed its total assets by R 11 448 354 (2021: R11 756 136);
- The Municipality incurred a net surplus for the year under review of R 307 782 (R2021: R 3 198 836 - net deficit);
- The accumulated deficit is R 11 549 905 (2021: R11 820 917);
- The Municipality had positive cashflows of R 4 334 024 (2021: Positive R 623 104).

Even though the above uncertainties exist regarding the municipality's ability to continue as a going concern, the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors, most significant of these being the ability to procure funding for the ongoing operations of the municipality.

Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented by regular reporting, highlighting the actual cash position.

The cost containment circular issued by National Treasury has been adopted by Council and is currently implemented in the municipality.

The municipality has budgeted for negative cash flows of R 361 000 for the 2022/23 financial year.

Business plans / proposals have been compiled by management to obtain funds from external parties to increase our revenue resources in order to fund the operations and to render municipal support services on a shared services basis to the local municipalities in the district.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Innovative strategic management is deployed to better the financial health of the Namakwa District Municipality in the long term.

Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of the municipality to sustain the financial health of the municipality.

The fair value of Land and Buildings exceeds their carrying value amount with R18 870 383 (2021: R18 243 728).

As the municipality will continue to receive funding from government, as is evident from the Equitable Share allocations as published in the Division of Revenue Act and the fact that the Medium Term Revenue and Expenditure Framework (MTREF) for the 2022/23, 2023/24 and 2024/25 financial years are funded and approved by the Council, the municipality is of the opinion that it will be able to continue as a going concern in the foreseeable future.

**COVID-19 - Background**

The coronavirus outbreak has been international news since December 2019, but the South African National Institute for Communicable Diseases only confirmed the first positive case of COVID-19 in South Africa on 5 March 2020. On the 23rd of March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

**COVID-19 - Impact on Municipality**

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

The below illustrates how these regulations had impacted the current year financial results of the

**Current Assets:** *No significant impact as non-payment of receivables existed before the start of the disaster*

**Interest received:** *There was a decrease in interest rates which results in less interest earned on investments*

**Grants Received:** *The municipality did not receive any additional grants from National / Provincial Government in respect of combating Covid-19 for the current year under review.*

**Expenses:** *The municipality budgeted for expenditure in order to assist in the combating of Covid-19.*

The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2022.

	2022 R	2021 R
<u>Nature of expenditure</u>		
<i>Employee related costs including overtime and standby allowance</i>	-	-
<i>Travel and subsistence</i>	16 399	65 442
<i>Personal Protective Equipment</i>	12 092	18 823
<i>Sanitation of Office Buildings and other public areas</i>	-	-
<i>Costs of screening and testing</i>	-	-
<i>Community awareness regarding Covid-19</i>	-	-
<i>Biohazard bags provided to funeral parlours</i>	-	-
<i>Sanitising materials</i>	-	19 383
	<b>28 491</b>	<b>103 647</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
The Covid-19 response expenditure is funded from the following sources:		
Own Revenue	28 491	103 647
Grant Funding	-	-
	<u>28 491</u>	<u>103 647</u>

49 EVENTS AFTER REPORTING PERIOD

49.1 Covid-19

Within the municipal environment, the effects of COVID-19 is likely to be a current period event which will require ongoing evaluation to determine the extent to which developments after the reporting date, should be recognised in the current reporting period.

49.2 Investigation of unauthorised, irregular and fruitless and wasteful expenditure

On 29 August 2022, the Council approved the write-off of irregular expenditure of R 650.

49.3 Determination of upper limits of council remuneration

On 2 June 2022, Government Gazette No.46470 was published regarding the upper limits for Council Remuneration. Backpay was subject to the concurrence approval of the MEC for Co-operative Governance, Human Settlements and Traditional Affairs. On 25 July 2022, the Municipality received the necessary concurrence.

49.4 Tender 03/2022 appeal process

On 22 April 2022, the Municipality awarded a tender for the supply, deliver, installation, maintenance and servicing of new printers for a period of 3 years. The Municipality, however, received a formal objection / appeal against the award. Pursuant to the outcome of the objection / appeal process, the aggrieved party instituted legal proceedings on 11 August 2022 which is currently pending.

No further events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after to 30 June 2022.

50 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.

**APPENDIX A**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2021	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2022
<b>LEASE LIABILITY</b>								
Office Equipment, Computer Equipment and Tablets		NDM006-460818	31/01/2022	164 762	-	-	(119 423)	45 339
<b>Total Lease Liabilities</b>				164 762	-	-	(119 423)	45 339
<b>TOTAL EXTERNAL LOANS</b>				164 762	-	-	(119 423)	45 339

Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
44 616	-
44 616	-
44 616	-

**APPENDIX B**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
			<b>Governance and Administration</b>			
13 325 495	(19 228 823)	(5 903 328)	Executive and council	3 454 855	(17 582 895)	(14 128 040)
47 869 660	(25 275 485)	22 594 175	Finance and administration	60 955 896	(26 057 031)	34 898 866
-	(938 932)	(938 932)	Internal audit	-	(924 145)	(924 145)
			<b>Community and Public Safety</b>			
-	-	-	Community and social services	-	-	-
-	-	-	Sport and recreation	-	-	-
150 456	(5 315 768)	(5 165 312)	Public safety	221 504	(5 869 555)	(5 648 051)
-	-	-	Housing	-	-	-
-	(5 397 331)	(5 397 331)	Health	-	(5 232 461)	(5 232 461)
			<b>Economic and Environmental Services</b>			
3 235 247	(7 897 931)	(4 662 684)	Planning and development	3 240 280	(8 835 655)	(5 595 374)
-	-	-	Road transport	-	0	0
-	(1 826 513)	(1 826 513)	Environmental protection	-	(1 478 936)	(1 478 936)
			<b>Trading Services</b>			
-	-	-	Energy sources	-	-	-
-	-	-	Water management	-	-	-
-	-	-	Waste water management	-	-	-
-	-	-	Waste management	-	-	-
-	(1 898 911)	(1 898 911)	<b>Other</b>	-	(1 584 077)	(1 584 077)
64 580 857	(67 779 693)	(3 198 836)	Sub Total	67 872 536	(67 564 754)	307 782
-	-	-	Less Inter-Departmental Charges	-	-	-
64 580 857	(67 779 693)	(3 198 836)	<b>Total</b>	67 872 536	(67 564 754)	307 782



**APPENDIX C**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**  
**MUNICIPAL VOTES CLASSIFICATIONS**

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
			<b>Municipal Manager</b>			
-	(3 101 175)	(3 101 175)	Council: Councillors	-	(3 211 678)	(3 211 678)
4 180 439	(5 825 064)	(1 644 625)	Council Expenditure	3 335 877	(5 320 735)	(1 984 858)
408 124	(1 094 139)	(686 015)	Executive Mayor	92 651	(1 085 875)	(993 224)
-	(1 014 853)	(1 014 853)	Internal Audit and Audit Committee	-	(1 008 494)	(1 008 494)
715 932	(2 561 981)	(1 846 049)	Mayor - PA	26 327	(1 741 604)	(1 715 277)
-	(1 521 941)	(1 521 941)	Municipal Manager	-	(1 563 924)	(1 563 924)
-	(3 574 877)	(3 574 877)	Municipal Manager - Admin	-	(2 628 264)	(2 628 264)
-	(504 434)	(504 434)	Speaker	-	(688 105)	(688 105)
-	(969 291)	(969 291)	Speaker - PA	-	(1 258 360)	(1 258 360)
			<b>Manager: Corporate Services</b>			
3 243 100	(9 989 033)	(6 745 933)	Administration	-	(7 157 815)	(7 157 815)
-	(4 614 868)	(4 614 868)	Human Resources	2 233 271	(1 545 378)	687 893
1 134 424	(1 691 506)	(557 082)	Council Buildings	1 212 000	(1 685 156)	(473 156)
-	(2 033 309)	(2 033 309)	Council Vehicles	-	(2 104 972)	(2 104 972)
8 021 000	-	8 021 000	Equitable Share - Admin	-	-	-
-	-	-	Equitable Share - Electricity	-	-	-
-	-	-	Equitable Share - Sanitation	-	-	-
-	-	-	Equitable Share - Water	-	-	-
-	-	-	Operational and Maintenance	-	-	-
			<b>Manager: Economic Development</b>			
-	(1 057 174)	(1 057 174)	Economic Development	-	(1 149 063)	(1 149 063)
-	-	-	Fish Factory	-	-	-
-	-	-	Harbour	-	-	-
-	-	-	Project Manager SLP	-	-	-
-	(1 898 911)	(1 898 911)	Tourism	-	(1 584 077)	(1 584 077)
-	(1 826 513)	(1 826 513)	Working for Water	-	(1 478 936)	(1 478 936)
-	(1 704 138)	(1 704 138)	Planning	-	(1 848 469)	(1 848 469)
-	(2 077 946)	(2 077 946)	Council Projects	-	(2 196 984)	(2 196 984)
3 235 247	(3 058 672)	176 575	Project Management	2 990 280	(2 781 679)	208 601
-	-	-	Housing	250 000	(859 459)	(609 459)
			<b>Manager: Environmental Health</b>			
-	-	-	Ambulance	-	-	-
-	(5 347 654)	(5 347 654)	Environmental Health	-	(5 180 809)	(5 180 809)
-	-	-	Law Enforcement	-	-	-
-	(49 678)	(49 678)	Primary Health	-	(51 652)	(51 652)
150 456	(5 315 768)	(5 165 312)	Safety	221 504	(5 869 555)	(5 648 051)
			<b>Manager: Finance</b>			
43 492 136	(6 545 972)	36 946 164	Finance	52 357 370	(7 352 135)	45 005 236
			<b>Manager: Roads</b>			
-	-	-	Plant and Equipment	-	0	0
-	-	-	Roads	-	-	-
			<b>Manager: Municipal Support Unit</b>			
-	(400 796)	(400 796)	Municipal Support Unit	5 153 255	(6 211 574)	(1 058 320)
64 580 857	(67 779 693)	(3 198 836)	Sub Total	67 872 536	(67 564 754)	307 782
-	-	-	Less Inter-Departmental Charges	-	-	-
64 580 857	(67 779 693)	(3 198 836)	<b>Total</b>	67 872 536	(67 564 754)	307 782

**APPENDIX D  
NAMAKWA DISTRICT MUNICIPALITY**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2022  
MUNICIPAL VOTES CLASSIFICATIONS**

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Executive Mayor	78 506	-	-	-	-	78 506	71 116	-	2 467	-	-	73 583	4 922
Mayor - P.A	124 872	-	-	-	(8 648)	116 224	109 930	-	4 816	-	(8 646)	106 100	10 124
Speaker	34 194	-	-	-	-	34 194	33 591	-	202	-	-	33 793	401
Speaker - P.A	46 243	-	-	-	(399)	45 844	32 668	-	2 789	-	(398)	35 059	10 785
Councillors	85 672	-	-	-	-	85 672	16 658	-	28 557	-	-	45 216	40 456
Audit committee	-	-	-	-	-	-	-	-	-	-	-	-	-
Council Administration	12 885 541	-	123 548	-	(397 044)	12 612 045	9 890 754	-	278 936	-	(397 039)	9 772 651	2 839 393
Municipal Manager	205 967	-	-	-	(808)	205 159	189 604	-	5 483	-	(807)	194 280	10 879
Municipal Manager - Administration	15 641	-	-	-	-	15 641	15 373	-	92	-	-	15 465	176
Equitable Share - Administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal Audit	56 626	-	-	-	(11 625)	45 001	46 943	-	2 832	-	(11 623)	38 153	6 848
Budget and Treasury	1 553 739	-	-	-	(79 027)	1 474 711	1 531 893	-	9 901	-	(78 615)	1 463 179	11 533
Finance	703 451	-	164 365	-	-	867 816	16 612	-	66 179	-	-	82 791	785 025
Asset Management	6 597	-	-	-	-	6 597	5 498	-	367	-	-	5 864	733
Supply Chain Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Household Services	856 727	-	10 339	-	(19 837)	847 229	557 610	-	52 944	-	(19 811)	590 743	256 487
Human Resources	104 963	-	-	-	(1 164)	103 799	102 982	-	718	-	(1 162)	102 538	1 261
Council Buildings	3 502 214	-	154 369	-	(38 518)	3 618 066	2 775 657	-	176 898	-	(38 278)	2 914 276	703 789
Council Vehicles	4 818 553	-	2 800	-	(165 482)	4 655 871	3 565 001	-	530 963	-	(165 334)	3 930 630	725 241
Corporate Services	1 504	-	31 682	-	-	33 186	702	-	2 413	-	-	3 115	30 071
Planning	677 566	-	-	-	(11 158)	666 408	639 824	-	12 768	-	(11 156)	641 436	24 972
Economic Development	89 962	-	-	-	(1 218)	88 744	86 235	-	1 251	-	(1 158)	86 329	2 415
Tourism	236 047	-	5 283	-	(39 524)	201 807	209 279	-	7 089	-	(39 421)	176 946	24 860
Work for Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Council Projects	258 143	-	-	-	(1 071)	257 072	241 881	-	6 542	-	(1 062)	247 362	9 710
Local Municipal Project Support	631 740	-	-	-	-	631 740	273 718	-	118 909	-	-	392 626	239 113
PMU	15 186	-	-	-	-	15 186	14 892	-	98	-	-	14 990	196
Safety	2 845 525	-	58 489	-	(86 499)	2 817 515	2 485 346	-	111 304	-	(78 256)	2 518 394	299 121
Environmental Health	174 542	-	65 376	-	(6 144)	233 774	151 352	-	13 110	-	(6 141)	158 321	75 453
	30 009 722	-	616 251	-	(868 167)	29 757 806	23 065 121	-	1 437 628	-	(858 909)	23 643 841	6 113 966

**APPENDIX E**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2021	Correction of Error	Restated Balance 30 June 2021	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2022	Unspent 30 June 2022 (Creditor)	Unpaid 30 June 2022 (Debtor)
<b><u>National Government Grants</u></b>											
Finance Management Grant	2 034	-	2 034	2 000 000	-	-	(1 945 829)	(54 816)	1 390	1 390	-
RSC Levies Replacement Grant	-	-	-	41 688 000	-	-	(41 688 000)	-	-	-	-
Equitable Share	-	-	-	7 814 000	-	-	(7 814 000)	-	-	-	-
Councillors Remuneration Grant	-	-	-	2 883 000	-	-	(2 883 000)	-	-	-	-
Expanded Public Works Program	1 004	-	1 004	-	-	-	-	-	1 004	1 004	-
Municipal System Improvement Grant	1 359	-	1 359	-	-	-	-	-	1 359	1 359	-
Rural Roads Asset Management Grant	1 001	-	1 001	2 967 000	-	-	(2 966 801)	-	1 200	1 200	-
Planning and Implementation Management System	2 255	-	2 255	-	-	-	(2 244)	-	11	11	-
<b>Total National Government Grants</b>	<b>7 653</b>	<b>-</b>	<b>7 653</b>	<b>57 352 000</b>	<b>-</b>	<b>-</b>	<b>(57 299 874)</b>	<b>(54 816)</b>	<b>4 963</b>	<b>4 963</b>	<b>-</b>
<b><u>Provincial Government Grants</u></b>											
Municipal Disaster Relief	361	-	361	-	-	-	-	-	361	361	-
Civil Defence Subsidy	353 588	-	353 588	-	-	-	(69 866)	(64 063)	219 659	219 659	-
Fire Equipment Grant	1 351	-	1 351	-	-	-	-	-	1 351	1 351	-
Integrated Development Planning	772	-	772	-	-	-	(772)	-	0	0	-
Komaggas Road	1	-	1	-	-	-	-	-	1	1	-
SA Projects	8	-	8	-	-	-	-	-	8	8	-
NC Housing	26 327	-	26 327	250 000	-	-	(276 327)	-	0	0	-
Khotso Pula Nala	25 996	-	25 996	-	-	-	(23 479)	-	2 517	2 517	-
Electronic Filing System	4 798	-	4 798	-	-	-	-	-	4 798	4 798	-
<b>Total Provincial Government Grants</b>	<b>413 201</b>	<b>-</b>	<b>413 201</b>	<b>250 000</b>	<b>-</b>	<b>-</b>	<b>(370 443)</b>	<b>(64 063)</b>	<b>228 694</b>	<b>228 694</b>	<b>-</b>
<b><u>Other Grant Providers</u></b>											
Training Reserve (SETA)	93 469	-	93 469	536 000	-	-	(178 004)	-	451 464	451 464	-
<b>Total Other Grant Providers</b>	<b>93 469</b>	<b>-</b>	<b>93 469</b>	<b>536 000</b>	<b>-</b>	<b>-</b>	<b>(178 004)</b>	<b>-</b>	<b>451 464</b>	<b>451 464</b>	<b>-</b>
<b>Total Grants</b>	<b>514 322</b>	<b>-</b>	<b>514 322</b>	<b>58 138 000</b>	<b>-</b>	<b>-</b>	<b>(57 848 321)</b>	<b>(118 879)</b>	<b>685 121</b>	<b>685 121</b>	<b>-</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A1 Budget Summary**

Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>R thousands</b>												
<b>Financial Performance</b>												
Property rates	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Service charges	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Investment revenue	1 932	-	1 932	616		1 316	31.9%	31.9%				1 134
Transfers recognised - operational	60 967	1 912	62 879	57 848		5 031	92.0%	94.9%				-
Other own revenue	9 892	(439)	9 453	6 561		2 892	69.4%	66.3%				63 446
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>72 791</b>	<b>1 473</b>	<b>74 264</b>	<b>65 025</b>	<b>-</b>	<b>9 238</b>	<b>87.6%</b>	<b>89.3%</b>				<b>64 581</b>
Employee costs	44 357	302	44 659	38 097	-	6 562	85.3%	85.9%	-	-	-	39 186
Remuneration of councillors	3 752	167	3 919	3 972	-	(53)	101.3%	105.8%	-	-	-	3 597
Debt impairment	(2 335)	-	(2 335)	(56)	-	(2 279)	2.4%	2.4%	-	-	-	(117)
Depreciation & asset impairment	1 017	472	1 489	1 438	-	51	96.6%	141.3%	-	-	-	1 569
Finance charges	107	50	157	1 837	-	(1 680)	1168.8%	1711.7%	-	-	-	1 517
Materials and bulk purchases	196	(14)	182	-	-	182	0.0%	0.0%	-	-	-	-
Transfers and grants	220	385	605	436	-	169	72.1%	198.2%	-	-	-	705
Other expenditure	26 443	383	26 826	19 057	-	7 769	71.0%	72.1%	-	-	-	21 323
<b>Total Expenditure</b>	<b>73 759</b>	<b>1 743</b>	<b>75 502</b>	<b>64 780</b>	<b>-</b>	<b>10 721</b>	<b>85.8%</b>	<b>87.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67 780</b>
<b>Surplus/(Deficit)</b>	<b>(968)</b>	<b>(270)</b>	<b>(1 238)</b>	<b>245</b>	<b>-</b>	<b>(1 483)</b>	<b>-19.8%</b>	<b>-25.3%</b>				<b>(3 199)</b>
Transfers recognised - capital	60	80	140	119		21	84.9%	198.1%				-
Contributions recognised - capital & contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(908)</b>	<b>(190)</b>	<b>(1 098)</b>	<b>364</b>	<b>-</b>	<b>(1 462)</b>	<b>-33.1%</b>	<b>-40.1%</b>				<b>(3 199)</b>
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) for the year</b>	<b>(908)</b>	<b>(190)</b>	<b>(1 098)</b>	<b>364</b>	<b>-</b>	<b>(1 462)</b>	<b>-33.1%</b>	<b>-40.1%</b>				<b>(3 199)</b>
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	60	51	111	113		(2)	102.1%	188.8%				73
Public contributions & donations	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Borrowing	-	-	480	-		480	0.0%	#DIV/0!				-
Internally generated funds	369	1 349	546	496		51	90.7%	134.5%				176
<b>Total sources of capital funds</b>	<b>429</b>	<b>1 400</b>	<b>1 138</b>	<b>609</b>	<b>-</b>	<b>528</b>	<b>53.5%</b>	<b>142.1%</b>				<b>-</b>
<b>Cash flows</b>												
Net cash from (used) operating	4 517	523	5 040	5 070		(29)	100.6%	112.2%				20 433
Net cash from (used) investing	(429)	(229)	(657)	(616)		(41)	93.8%	143.7%				(1 100)
Net cash from (used) financing	(93)	(295)	(387)	(119)		(268)	30.8%	128.6%				(155)
<b>Cash/cash equivalents at the year end</b>	<b>18 261</b>	<b>(11 730)</b>	<b>6 531</b>	<b>9 145</b>		<b>(2 615)</b>	<b>140.0%</b>	<b>50.1%</b>				<b>-</b>

**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<b>Governance and administration</b>	63 354	2 699	66 054	64 411		1 643	97.5%	101.7%				61 195
Executive and council	2 883	450	3 333	3 455		(122)	103.7%	119.8%				13 325
Finance and administration	60 471	2 249	62 721	60 956		1 765	97.2%	100.8%				47 870
Internal audit	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Community and public safety</b>	662	(170)	492	222		271	45.0%	33.5%				150
Community and social services	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Sport and recreation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Public safety	162	80	242	222		21	91.5%	136.7%				150
Housing	500	(250)	250	-		250	0.0%	0.0%				-
Health	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Economic and environmental services</b>	8 834	(977)	7 858	3 240		4 617	41.2%	36.7%				3 235
Planning and development	2 967	23	2 990	3 240		(250)	108.4%	109.2%				3 235
Road transport	879	-	879	-		879	0.0%	0.0%				-
Environmental protection	4 988	(1 000)	3 988	-		3 988	0.0%	0.0%				-
<b>Trading services</b>	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Electricity	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Water	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Waste water management	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Waste management	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Other</b>	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Total Revenue - Standard</b>	72 851	1 553	74 404	67 873		6 531	91.2%	93.2%				64 581

**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Expenditure - Standard</b>												
<b>Governance and administration</b>	45 445	3 057	48 502	44 564	-	-	0.0%	0.0%	-	-	-	45 443
Executive and council	17 331	607	17 938	17 583	-	355	98.0%	101.5%	-	-	-	19 229
Finance and administration	26 957	2 563	29 520	26 057	-	3 463	88.3%	96.7%	-	-	-	25 275
Internal audit	1 157	(113)	1 044	924	-	119	88.6%	79.9%	-	-	-	939
<b>Community and public safety</b>	12 019	67	12 087	11 102	-	-	0.0%	0.0%	-	-	-	10 713
Community and social services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Sport and recreation	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Public safety	5 580	320	5 900	5 870	-	31	99.5%	105.2%	-	-	-	5 316
Housing	886	(15)	871	-	-	871	0.0%	0.0%	-	-	-	-
Health	5 554	(237)	5 316	5 232	-	84	98.4%	94.2%	-	-	-	5 397
<b>Economic and environmental services</b>	14 520	(1 372)	13 149	10 315	-	-	0.0%	0.0%	-	-	-	9 724
Planning and development	8 653	(372)	8 282	8 836	-	(554)	106.7%	102.1%	-	-	-	7 898
Road transport	879	-	879	(0)	-	879	0.0%	0.0%	-	-	-	-
Environmental protection	4 988	(1 000)	3 988	1 479	-	2 509	37.1%	29.7%	-	-	-	1 827
<b>Trading services</b>	1 775	(10)	1 764	1 584	-	-	0.0%	0.0%	-	-	-	1 899
Electricity	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Water	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste water management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Other</b>	1 775	(10)	1 764	1 584	-	-	0.0%	0.0%	-	-	-	1 899
<b>Total Expenditure - Standard</b>	73 759	1 743	75 502	67 565	-	-	0.0%	0.0%	-	-	-	67 780
<b>Surplus/(Deficit) for the year</b>	(908)	(190)	(1 098)	308	-	-	0.0%	0.0%	-	-	-	(3 199)

**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description  R thousand	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - Municipal Manager	2 883	450	3 333	3 455		(122)	103.7%	119.8%				5 304
Vote 2 - Manager: Corporate Services	1 209	(5)	1 204	3 445		(2 242)	286.2%	285.0%				12 399
Vote 3 - Manager: Economic Development	8 455	(1 227)	7 228	3 240		3 988	44.8%	38.3%				3 235
Vote 4 - Manager: Environmental Health	162	80	242	222		21	91.5%	136.7%				150
Vote 5 - Manager: Finance	53 501	–	53 501	52 357		1 144	97.9%	97.9%				43 492
Vote 6 - Manager: Roads	879	–	879	–		–	–	–				–
Vote 7 - Manager: Municipal Support Unit	5 761	2 255	8 016	5 153		–	–	–				–
<b>Total Revenue by Vote</b>	<b>72 851</b>	<b>1 553</b>	<b>74 404</b>	<b>67 873</b>	<b>–</b>	<b>2 789</b>	<b>91.2%</b>	<b>93.2%</b>				<b>64 581</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Municipal Manager	18 488	494	18 981	18 507	(474)	474	97.5%	100.1%	–	–	–	20 168
Vote 2 - Manager: Corporate Services	13 803	416	14 219	12 493	(1 725)	1 725	87.9%	90.5%	–	–	–	18 329
Vote 3 - Manager: Economic Development	16 301	(1 397)	14 904	11 899	(3 006)	3 006	79.8%	73.0%	–	–	–	11 623
Vote 4 - Manager: Environmental Health	11 134	83	11 216	11 102	(114)	114	99.0%	99.7%	–	–	–	10 713
Vote 5 - Manager: Finance	5 359	(50)	5 309	7 352	2 043	(2 043)	138.5%	137.2%	–	–	–	6 546
Vote 6 - Manager: Roads	879	–	879	(0)	(879)	–	0.0%	0.0%	–	–	–	–
Vote 7 - Manager: Municipal Support Unit	7 794	2 198	9 993	6 212	(3 781)	–	0.0%	0.0%	–	–	–	401
<b>Total Expenditure by Vote</b>	<b>73 759</b>	<b>1 743</b>	<b>75 502</b>	<b>67 565</b>	<b>–</b>	<b>7 937</b>	<b>89.5%</b>	<b>91.6%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>67 780</b>
<b>Surplus/(Deficit) for the year</b>	<b>(908)</b>	<b>(190)</b>	<b>(1 098)</b>	<b>308</b>		<b>(1 406)</b>	<b>-28.0%</b>	<b>-33.9%</b>				<b>(3 199)</b>

**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Service charges - electricity revenue	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Service charges - water revenue	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Service charges - sanitation revenue	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Service charges - refuse revenue	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Rental of facilities and equipment	1 209	(5)	1 204	1 212		(8)	100.7%	100.2%				1 134
Interest earned - external investments	1 932	-	1 932	616		1 316	31.9%	31.9%				543
Interest earned - outstanding debtors	67	-	67	54		13	80.3%	80.3%				67
Dividends received	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Fines, penalties and forfeits	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Licences and permits	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Agency services	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Transfers and subsidies	60 967	1 912	62 879	57 848		5 031	92.0%	94.9%				59 226
Other revenue	8 616	(434)	8 182	5 295		2 887	64.7%	61.5%				3 610
Gains on disposal of PPE	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>72 791</b>	<b>1 473</b>	<b>74 264</b>	<b>65 025</b>		<b>9 238</b>	<b>87.6%</b>	<b>89.3%</b>				<b>64 581</b>
<b>Expenditure By Type</b>												
Employee related costs	44 357	302	44 659	38 097	-	6 562	85.3%	85.9%	-	-	-	39 186
Remuneration of councillors	3 752	167	3 919	3 972	-	(53)	101.3%	105.8%	-	-	-	3 597
Debt impairment	(2 335)	-	(2 335)	(56)	-	(2 279)	2.4%	2.4%	-	-	-	(117)
Depreciation & asset impairment	1 017	472	1 489	1 438	-	51	96.6%	141.3%	-	-	-	1 569
Finance charges	107	50	157	1 837	-	(1 680)	1168.8%	1711.7%	-	-	-	1 517
Bulk purchases	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other materials	196	(14)	182	-	-	182	0.0%	0.0%	-	-	-	-
Contracted services	15 052	1 053	16 105	9 133	-	6 972	56.7%	60.7%	-	-	-	9 676
Transfers and grants	220	385	605	436	-	169	72.1%	198.2%	-	-	-	705
Other expenditure	11 391	(671)	10 721	9 972	-	749	93.0%	87.5%	-	-	-	11 645
Loss on disposal of PPE	-	-	-	9	-	(9)	#DIV/0!	#DIV/0!	-	-	-	2
<b>Total Expenditure</b>	<b>73 759</b>	<b>1 743</b>	<b>75 502</b>	<b>64 836</b>	<b>-</b>	<b>10 665</b>	<b>85.9%</b>	<b>87.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67 780</b>



**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Surplus/(Deficit)</b>	(968)	(270)	(1 238)	189		(1 427)	-15.3%	-19.5%				(3 199)
Transfers recognised - capital	60	80	140	119		21	84.9%	198.1%				-
Contributions recognised - capital	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
	(908)	(190)	(1 098)	308		(1 406)	-28.0%	-33.9%				(3 199)
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>												
Taxation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) after taxation</b>	(908)	(190)	(1 098)	308		(1 406)	-28.0%	-33.9%				(3 199)
Attributable to minorities	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) attributable to municipality</b>	(908)	(190)	(1 098)	308		(1 406)	-28.0%	-33.9%				(3 199)
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) for the year</b>	(908)	(190)	(1 098)	308		(1 406)	-28.0%	-33.9%				(3 199)

**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description  R thousand	2021/22								2020/21			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Municipal Manager	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Manager: Corporate Services	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - Manager: Economic Development	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - Manager: Environmental Health	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 5 - Manager: Finance	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 6 - Manager: Roads	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 7 - Manager: Municipal Support Unit	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Capital multi-year expenditure</b>	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Single-year expenditure</b>												
Vote 1 - Municipal Manager	66	551	617	124	-	493	20%	189%	-	-	-	105
Vote 2 - Manager: Corporate Services	172	41	213	199	-	14	94%	116%	-	-	-	58
Vote 3 - Manager: Economic Development	5	3	8	5	-	2	69%	106%	-	-	-	-
Vote 4 - Manager: Environmental Health	140	-	140	124	-	16	88%	88%	-	-	-	73
Vote 5 - Manager: Finance	46	114	160	157	-	3	98%	340%	-	-	-	12
Vote 6 - Manager: Roads	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 7 - Manager: Municipal Support Unit	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Capital single-year expenditure</b>	<b>429</b>	<b>709</b>	<b>1 138</b>	<b>609</b>	<b>-</b>	<b>528</b>	<b>54%</b>	<b>142%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249</b>
<b>Total Capital Expenditure - Vote</b>	<b>429</b>	<b>709</b>	<b>1 138</b>	<b>609</b>	<b>-</b>	<b>528</b>	<b>54%</b>	<b>142%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249</b>

**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description  R thousand	2021/22								2020/21			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>	284	706	990	480	-	510	#DIV/0!	#DIV/0!	-	-	-	176
Executive and council	66	551	617	124	-	493	20%	189%	-	-	-	93
Finance and administration	218	155	373	356	-	17	96%	163%	-	-	-	71
Internal audit	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	12
<b>Community and public safety</b>	140	-	140	124	-	16	#DIV/0!	#DIV/0!	-	-	-	73
Community and social services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Sport and recreation	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Public safety	60	-	60	58	-	2	97%	97%	-	-	-	73
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Health	80	-	80	65	-	15	82%	82%	-	-	-	-
<b>Economic and environmental services</b>	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Planning and development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Road transport	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Environmental protection	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Trading services</b>	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Electricity	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Water	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste water management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Other</b>	-	-	-	5	-	(5)	#DIV/0!	#DIV/0!	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>424</b>	<b>706</b>	<b>1 130</b>	<b>609</b>	<b>-</b>	<b>521</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249</b>
<b>Funded by:</b>												
National Government	-	51	51	55	-	(4)	107%	#DIV/0!	-	-	-	-
Provincial Government	60	-	60	58	-	2	97%	97%	-	-	-	73
District Municipality	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Transfers recognised - capital</b>	<b>60</b>	<b>51</b>	<b>111</b>	<b>113</b>	<b>-</b>	<b>(2)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>480</b>	<b>-</b>	<b>-</b>	<b>480</b>	<b>0%</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>369</b>	<b>1 349</b>	<b>546</b>	<b>496</b>	<b>-</b>	<b>51</b>	<b>91%</b>	<b>134%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176</b>
<b>Total Capital Funding</b>	<b>429</b>	<b>709</b>	<b>1 138</b>	<b>609</b>	<b>-</b>	<b>528</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249</b>

**NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows**

Description  R thousand	2021/22							2020/21
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties and collection charges	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Service charges	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Other revenue	16 618	(2 087)	14 532	10 138	4 394	69.8%	61.0%	5 444
Government - operating	60 967	1 912	62 879	58 019	4 860	92.3%	95.2%	58 130
Government - capital	60	80	140	119	21	84.9%	198.1%	679
Interest	1 999	–	1 999	616	1 383	30.8%	30.8%	543
Dividends	–	–	–	–	–	#DIV/0!	#DIV/0!	–
<b>Payments</b>								
Suppliers and employees	(74 907)	1 002	(73 904)	(63 318)	(10 587)	85.7%	84.5%	(43 634)
Finance charges	–	–	–	(68)	68	#DIV/0!	#DIV/0!	(23)
Transfers and Grants	(220)	(385)	(605)	(436)	(169)	72.1%	198.2%	(706)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>4 517</b>	<b>523</b>	<b>5 040</b>	<b>5 070</b>	<b>(29)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>20 433</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (increase) other non-current receivables	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (increase) in non-current investments	–	–	–	–	–	#DIV/0!	#DIV/0!	–
<b>Payments</b>								
Capital assets	(429)	(229)	(657)	(616)	(41)	93.8%	143.7%	(1 100)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(429)</b>	<b>(229)</b>	<b>(657)</b>	<b>(616)</b>	<b>(41)</b>	<b>93.8%</b>	<b>143.7%</b>	<b>(1 100)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Borrowing long term/refinancing	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Increase (decrease) in consumer deposits	–	–	–	–	–	#DIV/0!	#DIV/0!	–
<b>Payments</b>								
Repayment of borrowing	(93)	(295)	(387)	(119)	(268)	30.8%	417.3%	(155)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(93)</b>	<b>(295)</b>	<b>(387)</b>	<b>(119)</b>	<b>(268)</b>	<b>30.8%</b>	<b>128.6%</b>	<b>(155)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>3 996</b>	<b>(0)</b>	<b>3 996</b>	<b>4 334</b>				<b>623</b>
Cash/cash equivalents at the year begin:	14 265	(11 729)	2 535	4 811				4 188
Cash/cash equivalents at the year end:	18 261	(11 730)	6 531	9 145	(2 615)	-55.7%	35.8%	4 811