

NAMAKWA

DISTRICT MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2023

NAMAKWA DISTRICT MUNICIPALITY

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NAMAKWA DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 MAYORAL COMMITTEE

Executive Mayor
Executive Councillor
Executive Councillor
Executive Councillor

MJ Cloete
PA Van Heerden
JH Wilschut
EC Oliphant

MUNICIPAL MANAGER

SC Adams

CHIEF FINANCIAL OFFICER

R Datadin

REGISTERED OFFICE

Private Bag X20
SPRINGBOK
8240

AUDITORS

Office of the Auditor-General (Northern Cape)

PRINCIPLE BANKERS

Nedbank

CONTACT INFORMATION

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

NAMAKWA DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

GENERAL INFORMATION

ATTORNEYS

Schreuders Attorneys
Wessels and Smith Inc
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
BC Brandt	Chief Whip
RJ Cloete	Chairperson - MPAC
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
RH Cloete	Member

NAMAKWA DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2023, which are set out on pages 1 to 99 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

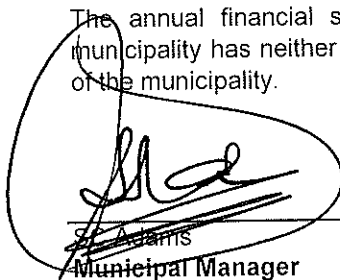
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

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

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

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

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



S. Adams
Municipal Manager

31-Aug-23
Date

NAMAKWA DISTRICT MUNICIPALITY

REPORT OF THE AUDITOR GENERAL

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R	2022 R
ASSETS			
Non-Current Assets		6 280 878	6 113 966
Property, Plant and Equipment	2	5 357 330	5 714 166
Investment Property	3	501 437	44 681
Intangible Assets	4	422 111	355 119
Current Assets		13 670 098	10 301 522
Operating Lease Asset	5	64 792	-
Receivables from Exchange Transactions	6	2 536 554	777 793
Receivables from Non-exchange Transactions	7	1 767 158	378 295
Cash and Cash Equivalents	8.1	9 301 594	9 145 434
Total Assets		19 950 976	16 415 488
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		17 719 861	18 680 366
Long-term Borrowings	9	145 861	14 366
Non-current Employee Benefits	10	17 574 000	18 666 000
Current Liabilities		9 306 999	9 537 854
Consumer Deposits	11	8 005	8 005
Current Employee Benefits	12	4 889 523	4 478 320
Trade and Other Payables from Exchange Transactions	13	3 624 061	4 194 483
Unspent Transfers and Subsidies	14	567 038	685 121
Taxes	15.3	96 619	140 952
Current Portion of Long-term Borrowings	9	121 753	30 973
Total Liabilities		27 026 860	28 218 220
Net Assets		(7 075 884)	(11 802 732)
Capital Replacement Reserve	16	26 965	101 551
Accumulated Surplus/(Deficit)		(7 102 849)	(11 904 283)
Total Net Assets and Liabilities		19 950 976	16 415 488

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 R
REVENUE			
Revenue from Non-exchange Transactions		66 414 946	60 187 629
Transfer Revenue		64 583 631	57 974 398
Government Grants and Subsidies	17	63 855 912	57 967 201
Contributed Property, Plant and Equipment	18	727 719	7 197
Other Revenue		1 831 315	2 213 231
Actuarial Gains	10	1 831 315	2 213 231
Revenue from Exchange Transactions		9 708 437	7 334 039
Sales of Goods and Rendering of Services	19	4 830 409	2 542 245
Rental from Fixed Assets	20	1 496 415	1 212 000
Interest Earned - External Investments	21	1 165 289	615 642
Interest Earned - Exchange Transactions	22	72 684	54 110
Operational Revenue	23	2 143 640	2 910 042
Total Revenue		76 123 383	67 521 668
EXPENDITURE			
Employee related costs	24	(43 414 064)	(40 690 196)
Remuneration of Councillors	25	(4 465 033)	(4 008 705)
Contracted Services	26	(8 542 515)	(8 885 895)
Depreciation and Amortisation	27	(1 149 645)	(1 435 474)
Actuarial Losses	10	(112 193)	(79 277)
Finance Costs	28	(2 065 649)	(1 837 162)
Operating Leases		(31 518)	(26 760)
Transfers and Subsidies	29	(839 684)	(476 051)
Operational Costs	30	(11 194 118)	(9 738 432)
Total Expenditure		(71 814 418)	(67 177 952)
Operating Surplus/(Deficit) for the Year		4 308 965	343 716
Reversal of Impairment Loss/(Impairment Loss) on Receivables	31	566 875	56 105
Gains/(Loss) on Sale of Fixed Assets	32	(136 666)	(9 258)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	33	(12 327)	(2 154)
NET SURPLUS/(DEFICIT) FOR THE YEAR		4 726 848	388 409

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Capital Replacement Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2021	64 781	(11 820 917)	(11 756 135)
Correction of Error - Note 34.4	-	(435 004)	(435 004)
Restated balance	64 781	(12 255 921)	(12 191 140)
Net Surplus/(Deficit) for the year	-	388 409	388 409
Net Surplus/(Deficit) previously reported	-	307 782	307 782
Effects of Correction of Errors - Note 34.5		80 627	80 627
Transfer to/from CRR	532 519	(532 519)	-
Property, Plant and Equipment purchased	(495 749)	495 749	-
Restated balance at 30 June 2022	101 551	(11 904 282)	(11 802 731)
Net Surplus/(Deficit) for the year	-	4 726 848	4 726 848
Transfer to/from CRR	147 449	(147 449)	-
Property, Plant and Equipment purchased	(222 035)	222 035	-
Balance at 30 June 2023	26 965	(7 102 848)	(7 075 883)

NAMAKWA DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Other Revenue		5 897 608	10 137 842
Government - Operating		63 526 939	58 019 121
Government - Capital		210 890	118 879
Interest		1 165 289	615 642
Cash payments			
Employees		(48 840 772)	(45 442 618)
Suppliers		(20 382 905)	(17 874 955)
Finance Charges		(65 649)	(68 162)
Transfers and Grants		(839 684)	(436 051)
Net Cash from Operating Activities	35	671 716	5 069 697
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(261 931)	(531 640)
Purchase of Intangible Assets		(143 486)	(84 611)
Net Cash from Investing Activities		(405 417)	(616 251)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowing		(110 138)	(119 423)
Net Cash from Financing Activities		(110 138)	(119 423)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		156 160	4 334 023
Cash and Cash Equivalents at the beginning of the year		9 145 434	4 811 411
Cash and Cash Equivalents at the end of the year	36	9 301 594	9 145 434
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		156 160	4 334 023

NAMAKVA DISTRICT MUNICIPALITY
REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

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
Vote 1 - Municipal Manager	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
Vote 2 - Manager: Corporate Services	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
	3.1 - Economic Development	Aggregated	Economic and environmental services	Economic Development
	3.2 - Fish Factory	Aggregated	Economic and environmental services	Economic Development
Vote 3 - Manager: Economic Development	3.3 - Harbour	Aggregated	Economic and environmental services	Economic Development
	3.4 - Project Manager SLP	Aggregated	Other	Tourism
	3.5 - Tourism	Individually Reported	Economic and environmental services	Economic Development
	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
	4.1 - Ambulance	Aggregated	Community and public safety	Supporting service departments
	4.2 - Environmental Health	Aggregated	Community and public safety	Municipal Health Services and Environmental Health Services
Vote 4 - Manager Environmental Health	4.3 - Law Enforcement	Aggregated	Community and public safety	
	4.4 - Primary Health	Aggregated	Community and public safety	
	4.5 - Safety	Aggregated	Community and public safety	
	5.1 - Finance	Aggregated	Governance and administration	Supporting service departments
Vote 5 - Manager: Finance	6.1 - Plant and Equipment	Aggregated	Economic and environmental services	Roads Function
Vote 6 - Manager: Roads	6.2 - Roads	Aggregated	Economic and environmental services	
Vote 7 - Manager: Municipal Support Unit	7.1 - Municipal Support Unit	Aggregated	Governance and administration	Supporting service departments

SECONDARY SEGMENTS

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

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 2023						
	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
SEGMENT REVENUE	R	R	R	R	R	R
External revenue from exchange transactions	10 133 995	63 944	-	1 341 812	-	11 539 752
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	1 165 289	-	-	-	-	1 165 289
Interest Earned - Exchange Transactions	72 684	-	-	-	-	72 684
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Other Revenue	8 896 023	63 944	-	1 341 812	-	10 301 780
External revenue from non-exchange transactions	61 375 182	8 849	-	3 199 600	-	64 583 631
Fines	-	-	-	-	-	-
Transfers Recognised - Operational	-	-	-	-	-	-
Property Rates	61 375 182	8 849	-	3 199 600	-	64 583 631
Availability Charges	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Gains	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	71 509 178	72 794	-	4 541 412	-	76 123 383
SEGMENT EXPENDITURE						
Employee Related Costs	(25 027 579)	(8 934 948)	-	(7 955 996)	(1 607 735)	(43 526 257)
Remuneration of Councillors	(4 465 033)	-	-	-	-	(4 465 033)
Debt Impairment	566 875	-	-	-	-	566 875
Depreciation and Asset Impairment	(943 169)	(126 776)	-	(69 111)	(10 589)	(1 149 645)
Finance Costs	(2 040 663)	-	-	(10 790)	(14 176)	(2 065 649)
Bulk Purchases	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-
Contracted Services	(5 655 991)	(15 994)	-	(2 870 530)	-	(8 542 515)
Transfers and Grants	(739 684)	-	-	-	(100 000)	(839 684)
Other Expenditure	(9 498 211)	(961 584)	-	(712 701)	(53 140)	(11 225 636)
Losses	(8 948)	(2 367)	-	(137 622)	(55)	(148 993)
Expenditure from transactions with other segments	-	-	-	-	-	-
Internal Charges	-	-	-	-	-	-
Total Segment Expenditure	(47 812 422)	(10 041 669)	-	(11 756 750)	(1 785 695)	(71 396 535)
Surplus/(Deficit)	23 696 756	(9 968 875)	-	(7 215 338)	(1 785 695)	4 726 848

	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	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions						
Taxation	23 696 756	(9 968 875)	-	(7 215 338)	(1 785 695)	4 726 848
Surplus/(Deficit) after Taxation						
Attributable to Minorities	23 696 756	(9 968 875)	-	(7 215 338)	(1 785 695)	4 726 848
Surplus/(Deficit) Attributable to Municipality						
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	23 696 756	(9 968 875)	-	(7 215 338)	(1 785 695)	4 726 848

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	19 950 976	19 950 976
Segment liabilities	-	-	-	-	(27 026 860)	(27 026 860)
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 2023

	Community and Public Safety	Economic and Environmental Services		Trading Services				Other	Governance and Administration	Housing	Total
		R	R	Energy Sources	Water Management	Waste Water Management	Waste Management				
SEGMENT REVENUE											
External revenue from exchange transactions	63 944	1 341 812	-	-	-	-	-	-	10 133 995	-	11 539 752
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	-	-	-	-	-	-	-	-	1 165 289	-	1 165 289
Interest Earned - Exchange Transactions	-	-	-	-	-	-	-	-	72 884	-	72 884
Licences and Permits	-	-	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	63 944	1 341 812	-	-	-	-	-	-	8 896 023	-	10 301 780
External revenue from non-exchange transactions	8 849	2 949 600	-	-	-	-	-	-	81 375 182	250 000	84 583 631
Dividends Received	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	8 849	2 949 600	-	-	-	-	-	-	81 375 182	250 000	84 583 631
Property Rates	-	-	-	-	-	-	-	-	-	-	-
Availability Charges	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-
Gains	-	-	-	-	-	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and	72 794	4 291 412	-	-	-	-	-	-	71 509 178	250 000	76 123 383
SEGMENT EXPENDITURE											
Employee Related Costs	(8 934 948)	(8 924 954)	-	-	-	-	-	(1 607 735)	(25 027 579)	(1 031 042)	(43 526 257)
Remuneration of Councilors	-	-	-	-	-	-	-	-	(4 465 033)	-	(4 465 033)
Debt Impairment	-	-	-	-	-	-	-	-	586 875	-	586 875
Depreciation and Asset Impairment	(126 776)	(68 111)	-	-	-	-	-	(10 589)	(943 169)	-	(1 149 645)
Finance Costs	-	(10 730)	-	-	-	-	-	(14 176)	(2 040 633)	-	(2 065 649)
Bulk Purchases	-	-	-	-	-	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-	-	-	-	-	-
Contracted Services	(15 984)	(2 870 530)	-	-	-	-	-	-	(5 655 991)	-	(8 542 515)
Transfers and Grants	-	-	-	-	-	-	-	(100 000)	(739 684)	-	(839 684)
Other Expenditure	(961 584)	(625 937)	-	-	-	-	-	(53 140)	(9 498 211)	(86 764)	(11 225 636)
Losses	(2 367)	(137 622)	-	-	-	-	-	(55)	(8 948)	-	(148 983)
Internal charges	-	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	(10 041 669)	(10 638 844)	-	-	-	-	-	(1 785 695)	(47 812 422)	(1 117 805)	(71 396 535)
Surplus/(Deficit)	(9 968 875)	(6 347 532)	-	-	-	-	-	(1 785 695)	23 696 756	(967 805)	4 726 848

	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	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(9 968 875)	(6 347 532)	-	-	-	-	(1 785 695)	23 696 756	(867 806)	4 726 848
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(9 968 875)	(6 347 532)	-	-	-	-	(1 785 695)	23 696 756	(867 806)	4 726 848
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(9 968 875)	(6 347 532)	-	-	-	-	(1 785 695)	23 696 756	(867 806)	4 726 848
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(9 968 875)	(6 347 532)	-	-	-	-	(1 785 695)	23 696 756	(867 806)	4 726 848

	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
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	19 950 976	-	-	19 950 976
Segment liabilities	-	-	-	-	-	-	(27 026 860)	-	-	(27 026 860)
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 2023

Total Segment Revenue (including capital transfers and contributions)	76 123 383
Total Revenue as per Statement of Financial Performance	76 123 383
Difference	-

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2023

Total Segment Expenditure	(71 396 535)
Total Expenditure as per Statement of Financial Performance	(71 814 418)
Difference	417 883

Reconciling Items

	417 883
Loss on Sale of Assets disclosed inaggregated with Gains on Sale of Assets in Statement of Financial Performance	(136 666)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	566 875
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(12 327)

Reconciliation of the Statement of Financial Performance as at 30 June 2023 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments	4 726 848
Surplus/(Deficit) for the year as per Statement of Financial Performance	4 726 848
Difference - as explained above	0

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 2023

Total Segment Assets	19 950 976
Total Assets as per Statement of Financial Position	19 950 976
Difference	-

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 2023

Total Segment Liabilities	(27 026 860)
Total Liabilities as per Statement of Financial Position	(27 026 860)
Difference	-

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 2022

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	9 459 695	87 575	-	-	-	9 547 270
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	6 15 642	-	-	-	-	6 15 642
Interest Earned - Exchange Transactions	54 110	-	-	-	-	54 110
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Other Revenue	8 789 943	87 575	-	-	-	8 877 518
External revenue from non-exchange transactions	54 600 188	133 929	-	3 240 280	-	57 974 398
Dividends Received	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Transfers Recognised - Operational	-	133 929	-	3 240 280	-	57 974 398
Property Rates	-	-	-	-	-	-
Availability Charges	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Gains	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and	54 059 883	221 504	-	3 240 280	-	67 521 668
SEGMENT EXPENDITURE						
Employee Related Costs	(22 140 921)	(9 903 250)	-	(6 767 906)	(1 497 654)	(40 309 770)
Remuneration of Councilors	(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	(6 245 461)	(78 025)	-	(2 800 953)	(8 251)	(9 132 690)
Transfers and Grants	(438 051)	-	-	-	-	(438 051)
Other Expenditure	(7 833 343)	(988 072)	-	(587 171)	(47 911)	(9 456 496)
Losses	(1 999)	(9 114)	-	(215)	(183)	(11 412)
Internal charges	-	-	-	-	-	-
Total Segment Expenditure	(43 533 865)	(11 102 045)	-	(10 314 580)	(1 584 077)	(66 534 548)
Surplus/(Deficit)	20 526 018	(10 880 511)	-	(7 074 310)	(1 584 077)	987 120

	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	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	20 526 018	(10 880 511)	-	(7 074 310)	(1 584 077)	987 120
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	20 526 018	(10 880 511)	-	(7 074 310)	(1 584 077)	987 120
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	20 526 018	(10 880 511)	-	(7 074 310)	(1 584 077)	987 120
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	20 526 018	(10 880 511)	-	(7 074 310)	(1 584 077)	987 120

	Governance and Administration	Community and Public Safety	Technical Services	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	16 415 488	16 415 488
Segment liabilities	-	-	-	-	(28 218 220)	(28 218 220)
Additions to non-current assets	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-

NAMAQWA DISTRICT MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

SEGMENT REVENUE	Community and public safety	Economic and Environmental Services		Trading Services				Other	Governance and Administration	Housing	Total
	R	R	R	Energy Sources	Water Management	Waste Water Management	Waste Management	R	R	R	R
External revenue from exchange transactions	87 575	-	-	-	-	-	-	-	9 459 695	-	9 547 270
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	-	-	-	-	-	-	-	8 788 943	-	8 877 518
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 on Disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and	221 504	2 990 280	-	-	-	-	-	-	64 059 883	250 000	67 521 668

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Housing	Total
	R	R	Energy Sources	Water Management	Waste water management	Waste management services	R	R	R	R
SEGMENT EXPENDITURE										
Employee Related Costs	(9 903 260)	(5 971 352)	-	-	-	-	(1 497 684)	(22 600 624)	(796 575)	(40 769 473)
Remuneration of Councillors	-	-	-	-	-	-	-	(4 008 705)	-	(4 008 705)
Debt Impairment	-	-	-	-	-	-	-	56 105	-	56 105
Depreciation and Asset Impairment	(123 546)	(139 424)	-	-	-	-	(7 007)	(918 703)	-	(1 188 580)
Finance Costs	-	(18 920)	-	-	-	-	(23 040)	(1 795 202)	-	(1 937 162)
Bulk Purchases	-	-	-	-	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-	-	-	-	-
Contracted Services	(78 025)	(2 800 953)	-	-	-	-	(8 251)	(6 245 461)	-	(9 132 690)
Transfers and Grants	-	-	-	-	-	-	(436 051)	-	-	(436 051)
Other Expenditure	(888 072)	(524 287)	-	-	-	-	(47 911)	(8 308 446)	(62 884)	(9 931 501)
Losses	(9 114)	(215)	-	-	-	-	(183)	(41 889)	-	(51 412)
Internal charges	-	-	-	-	-	-	-	166 409	-	166 409
Total Segment Expenditure	(11 102 015)	(9 455 131)	-	-	-	-	(1 584 077)	(44 132 577)	(859 459)	(67 133 259)
Surplus/(Deficit)	(10 880 511)	(6 484 851)	-	-	-	-	(1 584 077)	19 927 307	(609 459)	388 409
	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
	R	R	Energy Sources	Water Management	Waste Water Management	Waste Management	R	R	R	R
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(10 880 511)	(6 484 851)	-	-	-	-	(1 584 077)	19 927 307	(609 459)	388 409
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(10 880 511)	(6 484 851)	-	-	-	-	(1 584 077)	19 927 307	(609 459)	388 409
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(10 880 511)	(6 484 851)	-	-	-	-	(1 584 077)	19 927 307	(609 459)	388 409
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(10 880 511)	(6 484 851)	-	-	-	-	(1 584 077)	19 927 307	(609 459)	388 409

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
	R	R	Energy Sources	Water Management	Waste Water Management	Waste Management	R	R	R	R
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	16 415 488	-	-	16 415 488
Segment liabilities	-	-	-	-	-	-	(28 218 220)	-	-	(28 218 220)
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 2022

Total Segment Revenue (including capital transfers and	67 521 668
Total Revenue as per Statement of Financial Performance	67 521 668
Difference	(0)

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

Total Segment Expenditure	(67 133 259)
Total Expenditure as per Statement of Financial Performance	(67 177 952)
Difference	44 693

Reconciling items

Items disclosed separately on the face of the Statement of Financial Performance:

Reversal of Impairment Loss/(Impairment Loss) on Receivables	56 105
Gains/(Loss) on Sale of Fixed Assets	(9 258)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(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	388 409
Surplus/(Deficit) for the year as per Statement of Financial Performance	388 409
Difference - as explained above	(0)

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	16 415 488
Total Assets as per Statement of Financial Position	16 415 488
Difference	-

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	(28 218 220)
Total Liabilities as per Statement of Financial Position	(28 218 220)
Difference	-

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 2023

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final 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	2023 R	%
ASSETS								
Current Assets								
Cash	6 169 261	249 681	6 418 942	-	-	6 418 942	868 793	-86.47%
Call Investment Deposits	-	-	-	-	-	-	8 432 801	100.00%
Consumer Debtors	1 831 223	-	1 831 223	-	-	1 831 223	4 303 712	135.02%
Other Debtors	-	-	-	-	-	-	64 792	100.00%
Current Portion of long-term receivables	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
40.2.1	8 000 484	249 681	8 250 165	-	-	8 250 165	13 670 098	85.69%
Non-Current Assets								
Long-term Receivables	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investment Property	45 920	-	45 920	-	-	45 920	501 437	991.98%
Investment in Associates	-	-	-	-	-	-	-	-
Property, Plant and Equipment	6 555 716	675 760	7 231 476	-	-	7 231 476	5 357 330	-25.92%
Agricultural Assets	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-
Intangible Assets	256 934	-	256 934	-	-	256 934	422 111	64.29%
Other Non-Current Assets	-	-	-	-	-	-	-	-
40.2.2	6 858 570	675 760	7 534 330	-	-	7 534 330	6 280 878	-16.64%
TOTAL ASSETS	14 859 054	925 441	15 784 495	-	-	15 784 495	19 950 976	25.40%
LIABILITIES								
Current Liabilities								
Bank Overdraft	-	-	-	-	-	-	-	-
Borrowing	80 000	-	80 000	-	-	80 000	121 753	52.19%
Consumer Deposits	-	-	-	-	-	-	8 005	100.00%
Trade and Other Payables	2 805 569	-	2 805 569	-	-	2 805 569	4 287 718	52.83%
Provisions	2 830 183	-	2 830 183	-	-	2 830 183	4 889 523	72.76%
40.2.3	5 715 752	-	5 715 752	-	-	5 715 752	9 306 999	62.83%
Non-Current Liabilities								
Borrowing	240 160	(10 160)	230 000	-	-	230 000	145 861	-36.58%
Provisions	23 396 000	183 000	23 579 000	-	-	23 579 000	17 574 000	-25.47%
40.2.4	23 636 160	172 840	23 809 000	-	-	23 809 000	17 719 861	-25.57%
TOTAL LIABILITIES	29 351 912	172 840	29 524 752	-	-	29 524 752	27 026 860	-8.46%
NET ASSETS								
Accumulated Surplus/(Deficit)	(14 492 858)	752 601	(13 740 257)	-	-	(13 740 257)	(7 102 849)	-48.31%
Reserves	-	-	-	-	-	-	26 965	100.00%
40.2.5	(14 492 858)	752 601	(13 740 257)	-	-	(13 740 257)	(7 075 884)	-48.50%

NAMAKWA DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

Notes	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome 2023	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
REVENUE								
Property Rates	-	-	-	-	-	-	-	-
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	1 261 539	80 000	1 341 539	-	-	1 341 539	1 496 415	11.54%
Interest Earned - External Investments	1 547 651	-	1 547 651	-	-	1 547 651	1 165 289	-24.71%
Interest Earned - Outstanding Debtors	70 600	-	70 600	-	-	70 600	72 684	2.95%
Dividends Received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	67 952 000	1 167 630	69 029 630	-	-	69 029 630	63 645 022	-7.80%
Other Revenue	9 359 318	450 062	9 809 380	-	-	9 809 380	7 701 766	-21.48%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	40.2.6	80 101 108	1 687 692	81 798 800	-	81 798 800	74 081 178	-9.43%
EXPENDITURE								
Employee Related Costs	47 152 335	(1 380 925)	45 771 410	-	-	45 771 410	41 694 942	-8.91%
Remuneration of Councillors	4 447 719	103 464	4 551 183	-	-	4 551 183	4 463 033	-1.89%
Debt Impairment	-	-	-	-	-	-	(566 875)	-100.00%
Depreciation and Asset Impairment	1 488 859	211 650	1 700 509	-	-	1 700 509	1 161 971	-31.67%
Finance Charges	157 182	2 504	159 686	-	-	159 686	2 065 649	1193.57%
Bulk Purchases	-	-	-	-	-	-	-	-
Other Materials	193 785	152 868	346 653	-	-	346 653	-	-100.00%
Contracted Services	17 993 546	(460 969)	17 532 577	-	-	17 532 577	8 542 515	-51.28%
Transfers and Grants	220 000	581 135	801 135	-	-	801 135	639 684	-21.48%
Other Expenditure	10 344 077	1 955 264	12 299 341	-	-	12 299 341	11 225 636	-8.73%
Loss on Disposal of PPE	-	-	-	-	-	-	138 686	100.00%
Total Expenditure	40.2.7	81 997 503	82 942 594	-	-	82 942 594	69 565 220	-16.13%
Surplus/(Deficit)	(1 896 395)	752 601	(1 143 794)	-	-	(1 143 794)	4 515 958	-494.82%
Transfers Recognised - Capital	217 000	-	217 000	-	-	217 000	210 980	-2.82%
Contributions Recognised - Capital	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(1 679 395)	752 601	(926 794)	-	-	(926 794)	4 726 949	-610.02%
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(1 679 395)	752 601	(926 794)	-	-	(926 794)	4 726 949	-610.02%
Attributable to Minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(1 679 395)	752 601	(926 794)	-	-	(926 794)	4 726 949	-610.02%
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(1 679 395)	752 601	(926 794)	-	-	(926 794)	4 726 949	-610.02%

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 1 719 122 of post retirement benefits.

	R
Actual outcome as per Budgeted Statement of Financial Performance	41 694 942
Actual gains and losses separately disclosed on the Statement of Financial Performance	1 719 122
Employee related costs as per Statement of Financial Performance	43 414 064

NAMAKWA DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

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	R	R		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
		-	-	-	-	-	-	-	-	-	-	-
Taxation		-	-	-	-	-	-	-	-	-	-	-
Service Charges		-	-	-	-	-	-	-	-	-	-	-
Other Revenue	12 452 080		530 062	12 982 142	-	-	-	-	12 982 142	-	5 897 608	-54,57%
Government - Operating	67 862 000		1 167 630	69 029 630	-	-	-	-	69 029 630	-	63 526 939	-7,97%
Government - Capital	217 000		-	217 000	-	-	-	-	217 000	-	210 890	100,00%
Interest	1 618 251		-	1 618 251	-	-	-	-	1 618 251	-	1 165 289	-27,99%
Dividends	-		-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and Employees	(81 523 553)		(36 968)	(81 560 521)	-	-	-	-	(81 560 521)	-	(69 223 677)	-15,13%
Finance costs	(157 182)		(2 504)	(159 686)	-	-	-	-	(159 686)	-	(65 649)	-100,00%
Transfers and Grants	(220 000)		(361 135)	(581 135)	-	-	-	-	(581 135)	-	(839 684)	44,49%
40.2.8	248 596		1 297 085	1 545 681	-	-	-	-	1 545 681	-	671 716	-56,54%
CASH FLOW FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE	-		-	-	-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Debtors	-		-	-	-	-	-	-	-	-	-	-
Decrease/(Increase) in Other Non-Current Receivables	-		-	-	-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Investments	-		-	-	-	-	-	-	-	-	-	-
Payments												
Capital Assets	(450 000)		(716 000)	(1 166 000)	-	-	-	-	(1 166 000)	-	(405 417)	-65,23%
40.2.9	(450 000)		(716 000)	(1 166 000)	-	-	-	-	(1 166 000)	-	(405 417)	-65,23%
CASH FLOW FROM FINANCING ACTIVITIES												
Receipts												
Short Term Loans	-		-	-	-	-	-	-	-	-	-	0,00%
Borrowing long term/refinancing	-		-	-	-	-	-	-	-	-	-	0,00%
Increase/(Decrease) in Consumer Deposits	-		-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of Borrowing	(160 080)		30 080	(130 000)	-	-	-	-	(130 000)	-	(110 138)	-15,28%
40.2.10	(160 080)		30 080	(130 000)	-	-	-	-	(130 000)	-	(110 138)	-15,28%
NET INCREASE/(DECREASE) IN CASH HELD												
Cash and Cash Equivalents at the year begin:	6 530 745		(361 484)	6 169 261	-	-	-	-	6 169 261	-	9 145 434	37,46%
Cash and Cash Equivalents at the year end:	6 169 261		249 681	6 418 942	-	-	-	-	6 418 942	-	9 301 594	44,91%

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 conventions 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, is 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 2023

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 based on 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 to explain variances between the final budget amounts and actual results included in the annual financial statements, as R67 100 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 an 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 2023

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 in 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 1	<p><u>Presentation on Financial Statements (Going Concern)</u></p> <p>Amendments to the Standard include clarification of the going concern principle. The amendments enhanced disclosure in financial statements on judgement to assess going concern and provide more information on material uncertainties that may cast significant doubt upon an entity's ability to continue as a going concern.</p> <p>The municipality might need to disclose additional information in the financial statements of their assessment and judgement on material uncertainties that may cast significant doubt upon its ability to continue as a going concern.</p>	Unknown
GRAP 25	<p><u>Employee benefits</u></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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	<p><u>Heritage Assets</u></p> <p>The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.</p> <p>No significant impact is expected as the Municipality does not have Heritage Assets.</p>	Unknown
GRAP 104	<p><u>Financial Instruments</u></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>	1 April 2025
iGRAP 7	<p><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></p> <p>This Interpretation applies to all post-employment defined benefits and other long-term employee-defined benefits.</p> <p>No significant impact is expected as the Municipality does not hold any plan assets.</p>	Unknown
iGRAP 21	<p><u>The Effect of Past Decisions on Materiality</u></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>	Periods beginning on or after 1 April 2023
Guideline	<p><u>Landfill sites</u></p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards' treatment.</p>	Unknown

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

REFERENCE	TOPIC	EFFECTIVE DATE
Guideline	<p><u>Application of Materiality of Financial Statements</u></p> <p>The guideline is not authoritative but only encourage.</p> <p>The municipality may have to revise their current policy on materiality to include additional factors.</p>	Unknown

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

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 purchasing/ construction 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) is credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, 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 the de-recognition of financial instruments are applied to lease payables.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 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 the 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 leased asset is diminished.

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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- When grant conditions are met an amount equal to the conditions met is 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 resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the 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 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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 a contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the 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 a finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated using 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 are charged or credited to the Statement of

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 are 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.

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 a 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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- 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 represent rental deposits and are levied in line with the council's policy when the 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 for 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 purposes.

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 the 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 bringing 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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

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 costs 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. The 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

The 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:

<u>Land and Buildings</u>	<u>Years</u>
Land	Indefinite
Buildings	10-50
<u>Infrastructure</u>	
Roads and Streets	10-30
Storm Water	20
Electricity	20-30

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Water	15-20
Sanitation	15-20
Waste Management	30

Community

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

Finance lease assets

Office equipment	1-3
Other Assets	1-7

Other

Motor Vehicles	3-19
Furniture and other Office equipment	3-25
Plant and Equipment	3-24
Computer equipment	3-22
Other Buildings	50

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

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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.15.4. De-recognition

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

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 asset, 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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

fair value was not determinable, its 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 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's 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:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	13-21
Computer Software Licenses	13-21

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

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 of 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.

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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 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 an 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 transaction (i.e., where it acquired the investment property for no or a nominal value), its cost is its fair value as of 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 costs 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.

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For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as of the date of the 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 an 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. The 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. The 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's end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
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 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 of 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.

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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 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

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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 has 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.

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,

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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 the replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining

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

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

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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 a financial instrument.

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 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.

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1.20.2.1. Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, 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.

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.

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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 overdrafts 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
- 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

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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

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.

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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 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 another 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 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.

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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.

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

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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 qualify for recognition and first become 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 are recognised when such items of property, plant and equipment qualify 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 the 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:

- 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.

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If the services in-kind are not significant to the Municipality's operations or do 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 are 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 the 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.

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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

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

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

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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 to achieve 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.

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

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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 the municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent of 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 money 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:

- (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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- 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
- (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;

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- (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 from 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 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 an expenditure that has not been budgeted, an expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and an 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 an expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. 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 the 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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. The 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 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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 the 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 were used to assist with the deemed cost and useful life of infrastructure assets.
- 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 the 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 the 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 the valuation of investment property:

- 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 the 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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 the 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 the 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 represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

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).

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2023

	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
Other Assets															
Land	2 084 458	-	-	-	-	-	2 084 458	-	-	-	-	-	-	-	2 084 458
Buildings	9 860 225	-	-	-	-	-	9 860 225	8 898 490	-	268 539	-	-	504	9 165 533	694 692
Furniture and Office Equipment	5 471 771	-	159 198	-	(45 298)	-	5 585 671	4 142 561	-	233 808	-	(45 257)	9 350	4 340 461	1 245 210
Machinery and Equipment	2 835 849	-	350 808	-	(68 749)	-	3 117 908	2 452 624	-	125 082	-	(68 269)	96	2 509 533	608 375
Transport Assets	5 368 509	-	-	-	(528 320)	-	4 840 189	4 459 588	-	300 084	-	(392 175)	9 950	4 367 497	472 693
	25 620 813	-	510 006	-	(642 367)	-	25 488 452	19 951 263	-	927 513	-	(505 702)	9 950	20 383 024	5 105 427
Leases															
Furniture and Office Equipment	115 607	-	332 413	-	-	-	448 021	70 991	-	125 126	-	-	-	196 117	251 904
	115 607	-	332 413	-	-	-	448 021	70 991	-	125 126	-	-	-	196 117	251 904
Total	25 736 420	-	842 419	-	(642 367)	-	25 936 472	20 022 254	-	1 052 839	-	(505 702)	9 950	20 579 141	5 357 330

2.2 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
Other Assets														
Land	2 084 458	-	-	-	-	-	2 084 458	-	-	-	-	-	-	-
Buildings	9 862 983	-	87 262	(90 000)	-	-	9 860 225	8 685 423	-	293 867	(82 800)	-	-	8 896 490
Furniture and Office Equipment	5 261 003	-	356 889	-	(145 120)	-	5 471 771	4 089 398	-	197 473	-	(145 609)	1 300	4 142 561
Machinery and Equipment	2 936 973	-	87 489	-	(188 613)	-	2 836 849	2 498 930	-	132 856	-	(180 017)	854	2 452 624
Transport Assets	5 511 492	-	-	-	(142 982)	-	5 368 509	3 973 987	-	628 436	-	(142 835)	-	4 459 588
	25 656 889	-	531 640	(90 000)	(477 716)	-	25 620 813	19 247 737	-	1 252 633	(82 800)	(468 491)	2 154	19 951 263
Leases														
Furniture and Office Equipment	503 937	-	-	-	(388 330)	-	115 607	352 667	-	106 654	-	(388 330)	-	70 991
	503 937	-	-	-	(388 330)	-	115 607	352 667	-	106 654	-	(388 330)	-	70 991
Total	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

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 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	Expenditure incurred to repair and maintain Property, Plant and Equipment:		
	Employee related costs	-	-
	Other materials	-	-
	Contracted Services	-	-
	- Maintenance of Buildings and Facilities	140 498	255 671
	- Maintenance of Equipment	29 268	190 642
	- Maintenance of Unspecified Assets	64 978	104 044
	Other Expenditure	-	-
	Total Repairs and Maintenance	234 745	550 356
2.7	Assets pledged as security:		
	Leased Property, Plant and Equipment of R 251 904 (2022: R44 616) is secured for leases as set out in Note 8 and Appendix A.		
2.8	Third party payments received for losses incurred:		
	Payments received (Excluding VAT)	279 861	38 774
	Carrying value of assets written off/lost	(135 684)	(6 933)
	Surplus/(Deficit)	144 177	31 841
2.9	Impairment losses of Property, Plant and Equipment		
	Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
	Infrastructure	-	-
	Community Assets	-	-
	Other	9 950	2 154
	Total Impairment Losses	9 950	2 154
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:		
		2023 R	2024 R
	Increase / (Decrease) in depreciation of assets for the year	(340 889)	424 808
			2025 R
			421 626
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	-	-
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

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

	2023 R	2022 R
3 INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	44 681	52 374
Cost	744 678	654 678
Accumulated Depreciation	(699 997)	(602 304)
Accumulated Impairment Loss	-	-
Transfer from/(to) Property, Plant and Equipment - Note 2	-	7 200
Cost	-	90 000
Accumulated Depreciation	-	(82 800)
Additions	479 644	-
Depreciation for the year	(22 888)	(14 894)
Net Carrying amount at 30 June	501 437	44 681
Cost	1 224 322	744 678
Accumulated Depreciation	(722 885)	(699 997)
Accumulated Impairment Loss	-	-
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	1 112 735	816 309
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.		
4 INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	355 119	331 805
Cost	3 281 882	3 199 393
Accumulated Amortisation	(2 926 763)	(2 867 588)
Additions	143 486	84 611
Amortisation	(74 118)	(61 294)
Carrying value of disposals	-	(3)
Cost	-	(2 121)
Accumulated amortisation	-	2 118
(Impairment Loss)/ Reversal of Impairment Loss	(2 377)	-
Net Carrying amount at 30 June	422 110	355 119
Cost	3 425 369	3 281 882
Accumulated Amortisation	(3 003 258)	(2 926 763)
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 assessed having an indefinite useful life.		
4.6 There are no internally generated intangible assets at reporting date.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- 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:

	2023 R	2024 R	2025 R
Increase / (Decrease) in depreciation of assets for the year	5 785	17 580	17 560
		2023 R	2022 R

5 OPERATING LEASE ARRANGEMENTS

5.1 The Municipality as Lessor

Operating Lease Asset	64 792	-
Disclosed as follows:		
Current Operating Lease Asset	64 792	-
	64 792	-

Reconciliation

Balance at the beginning of the year	-	-
Movement during the year	64 792	-
Balance at the end of the year	64 792	-

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	407 725	
1 to 5 Years	1 755 570	
More than 5 Years	-	
Total Operating Lease Arrangements	2 163 295	-

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

6 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Property Rentals	1 252 857	794 498
B-Municipalities	2 012 637	413 142
Balance previously stated		-
Correction of Error - Note 35.1		413 142
Prepayments and Advances	119 258	118 331
Insurance	111 658	107 331
Recoveries from staff	7 600	11 000
Total: Receivables from exchange transactions (before provision)	3 384 752	1 325 971
Less: Provision for Debt Impairment	(848 198)	(548 177)
Total: Receivables from exchange transactions (after provision)	2 536 554	777 793

(Property Rentals): Ageing

Current (0 - 30 days)	130 830	95 543
31 - 60 Days	128 754	80 174
61 - 90 Days	109 423	28 839
+ 90 Days	883 850	589 942
Total	1 252 857	794 498

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	548 177	564 727
Contribution to provision	300 021	-
Reversal of provision	-	(16 550)
Balance at end of year	848 198	548 177

The total amount of this provision is R 848 198 and consist of:

Property Rentals	848 198	548 177
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	848 198	548 177

Ageing of amounts past due but not impaired:

1 month past due	99 397	78 376
2+ months past due	204 028	74 205
	303 425	152 581

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.

7 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Department of Roads and Public Works	4 455 696	4 424 703
Sundry Debtor - Department Agriculture, Forestry and Fisheries	8 783 074	8 783 074
Other Receivables	1 205 403	714 428
Balance previously stated	-	926 808
Correction of Error - Note 35.2	-	(212 380)
	14 444 172	13 922 205
	(12 677 014)	(13 543 910)
	1 767 158	378 295

Less: Provision for Debt Impairment

Total Receivables from non-exchange transactions

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	13 543 910	13 583 465
Contribution to provision	-	-
Reversal of provision	(866 896)	(39 555)
Balance at end of year	12 677 014	13 543 910

The total amount of this provision is R 12 677 014 and consist of:

Taxes	-	-
Sundry Debtor - Department Agriculture, Forestry and Fisheries	8 783 074	8 783 074
Department of Roads and Public Works	3 516 679	4 424 703
Other receivables	377 262	336 134
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	12 677 014	13 543 910

Ageing of amounts past due but not impaired:

1 month past due	13 748	4 801
2+ months past due	2 857 489	570 429
	2 871 237	575 231

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.

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
8 BANK ACCOUNTS		
8.1 Cash and Cash Equivalents		
Current Accounts	868 293	1 429 449
Call Deposits and Investments	8 432 801	7 715 484
Cash On-hand	500	500
Total Cash and Cash Equivalents - Assets	9 301 594	9 145 434

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 234 858 are held to fund the Unspent Conditional Grants (2022: R 233 260).

The municipality has the following bank accounts:

Current Accounts

Nedbank Limited - Account Number 1140945939 (Primary Bank Account):	868 293	1 429 449
	868 293	1 429 449

Call Deposits and Investments

Nedbank Limited - Account Number 03/7662031837 (Capital Replacement Reserve):	26 965	101 551
Nedbank Private Wealth - Account Number NAMA001/83 (Call Deposit):	4 316 772	4 035 384
Nedbank Limited - Account Number 03/7662031934 (Call Deposit):	-	-
Nedbank Limited - Account Number 03/7662031896 (Leave Reserve):	1 356 762	1 301 638
Nedbank Limited - Account Number 03/7662031799 (Finance Management Grant):	1 438	1 390
Nedbank Limited - Account Number 03/7662031845 (Municipal System Improvement Grant):	1 359	1 359
Nedbank Limited - Account Number 03/7662031780 (EPWP):	1 454	1 004
Nedbank Limited - Account Number 03/7662031950 (Depositor Plus):	2 494 581	2 040 962
Nedbank Limited - Account Number 03/7662031926 (RRAMS):	2 300	1 200
Nedbank Limited - Account Number 03/7662031977 (PIMMS):	11	11
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):	2 863	2 690
Nedbank Limited - Account Number 03/7662031756 (Civil Defence Grant):	219 658	219 658
Nedbank Limited - Account Number 03/7662031942 (Khotso Pula Nala):	-	-
	8 432 801	7 715 486

The Municipality has the following current bank account:

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

Cash book balance at beginning of year	1 429 449	141 909
Cash book balance at end of year	868 293	1 429 449
Bank statement balance at beginning of year	1 431 119	145 569
Bank statement balance at end of year	868 293	1 431 119

Details of call investment accounts are as follow:

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

Cash book balance at beginning of year	101 551	160 639
Cash book balance at end of year	26 965	101 551
Bank statement balance at beginning of year	101 551	160 639
Bank statement balance at end of year	26 965	101 551

Nedbank Private Wealth - Account Number NAMA001/83 (Call Deposit):

Cash book balance at beginning of year	4 035 384	1 608 917
Cash book balance at end of year	4 316 772	4 035 384
Bank statement balance at beginning of year	4 035 384	1 608 917
Bank statement balance at end of year	4 316 773	4 035 384

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
Nedbank Limited - Account Number 03/7662031934 (Call Deposit):		
Cash book balance at beginning of year	-	648 963
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	648 963
Bank statement balance at end of year	-	-
Nedbank Limited - Account Number 03/7662031896 (Leave Reserve):		
Cash book balance at beginning of year	1 301 638	1 659 241
Cash book balance at end of year	1 356 762	1 301 638
Bank statement balance at beginning of year	1 301 638	1 659 241
Bank statement balance at end of year	1 356 762	1 301 638
Nedbank Limited - Account Number 03/7662031799 (Finance Management Grant):		
Cash book balance at beginning of year	1 390	1 852
Cash book balance at end of year	1 438	1 390
Bank statement balance at beginning of year	1 390	2 034
Bank statement balance at end of year	1 438	1 390
Nedbank Limited - Account Number 03/7662031845 (Municipal System Improvement Grant):		
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
Nedbank Limited - Account Number 03/7662031780 (EPWP):		
Cash book balance at beginning of year	1 004	1 004
Cash book balance at end of year	1 454	1 004
Bank statement balance at beginning of year	1 004	1 004
Bank statement balance at end of year	1 454	1 004
Nedbank Limited - Account Number 03/7662031950 (Depositor Plus):		
Cash book balance at beginning of year	2 040 962	181 505
Cash book balance at end of year	2 494 581	2 040 962
Bank statement balance at beginning of year	2 040 962	181 505
Bank statement balance at end of year	2 494 581	2 040 962
Nedbank Limited - Account Number 03/7662031926 (RRAMS):		
Cash book balance at beginning of year	1 200	1 001
Cash book balance at end of year	2 300	1 200
Bank statement balance at beginning of year	1 200	1 001
Bank statement balance at end of year	2 300	1 200
Nedbank Limited - Account Number 03/7662031977 (PIMMS):		
Cash book balance at beginning of year	11	2 255
Cash book balance at end of year	11	11
Bank statement balance at beginning of year	-	2 244
Bank statement balance at end of year	-	-
Nedbank Limited - Account Number 03/7662031772 (Electronic Filing System):		
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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
Nedbank Limited - Account Number 03/7662031853 (Training Fund SETA):		
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
Nedbank Limited - Account Number 03/7662031918 (Work for Water):		
Cash book balance at beginning of year	2 690	2 602
Cash book balance at end of year	2 863	2 690
Bank statement balance at beginning of year	2 690	2 602
Bank statement balance at end of year	2 863	2 690
Nedbank Limited - Account Number 03/7662031756 (Civil Defence Grant):		
Cash book balance at beginning of year	219 658	367 544
Cash book balance at end of year	219 658	219 658
Bank statement balance at beginning of year	219 659	367 546
Bank statement balance at end of year	219 659	219 659
Nedbank Limited - Account Number 03/7662031942 (Khotso Pula Nala):		
Cash book balance at beginning of year	-	23 480
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	23 480
Bank statement balance at end of year	-	-

9 LONG-TERM BORROWINGS

Capitalised Lease Liability - At amortised cost	267 614	45 339
Less: Current Portion transferred to Current Liabilities	(121 753)	(30 973)
Total Long-term Borrowings	145 861	14 366

9.1 The obligations under finance leases are scheduled below:

		Minimum payments
Amounts payable under finance leases:		
Payable within one year	155 922	35 812
Payable within two to five years	160 850	14 922
Payable after five years	-	-
	316 772	50 734
Less: Future finance obligations	(49 157)	(5 395)
Present value of finance lease obligations	267 614	45 339

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua	Copiers	15.38% -		3 Years	31/07/2025 -
MTN	Laptops	18.69%	0%	3 Years	31/08/2025
		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

10 NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	15 783 000	16 747 000
Provision for Long Service Awards	1 791 000	1 919 000
Total Non-current Employee Benefits	17 574 000	18 666 000

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	18 397 000	19 944 000
Contribution for the year	2 466 000	2 205 000
Expenditure for the year	(1 605 685)	(1 538 769)
Actuarial Loss/(Gain)	(1 831 315)	(2 213 231)
Total provision 30 June	17 426 000	18 397 000
Less: Transfer of Current Portion to Current Provisions - Note 12	(1 643 000)	(1 650 000)
Balance 30 June	15 783 000	16 747 000

Long Service Awards

Balance 1 July	2 123 000	2 083 000
Contribution for the year	417 000	365 000
Expenditure for the year	(278 193)	(404 277)
Actuarial Loss/(Gain)	112 193	79 277
Total provision 30 June	2 374 000	2 123 000
Less: Transfer of Current Portion to Current Provisions - Note 12	(583 000)	(204 000)
Balance 30 June	1 791 000	1 919 000

10.1 Provision for Post Retirement Health Care Benefits

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	60	62
In-service (employee) non-members	5	5
Continuation members (e.g. Retirees, widows, orphans)	34	35
Total Members	99	102

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

	2023 R	2022 R
In-service members	4 488 000	4 234 000
In-service non-members	79 000	76 000
Continuation members	12 859 000	14 087 000
Total Liability	17 426 000	18 397 000

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

	2021 R	2020 R	2019 R
In-service members	4 535 000	3 918 000	4 597 621
In-service non-members	86 000	57 000	-
Continuation members	15 323 000	13 154 000	13 821 691
Total Liability	19 944 000	17 129 000	18 419 312

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R402 000, whereas the Interest Cost for the next year is estimated to be R1 972 000.

	2023 %	2022 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	11,86%	11,37%
Health Care Cost Inflation Rate	7,53%	8,04%
Net Effective Discount Rate	4,03%	3,08%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

ii) Mortality rates

The PA (90) -1 ultimate table, with a 1% improvement p.a from 2010 was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 62 years.

iv) Expected rate of salary increases

The expected rate of salary increase is 5.4% as per SALGBC Circular 01/2023.

	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	17 426 000	18 397 000
Fair value of plan assets	-	-
	<u>17 426 000</u>	<u>18 397 000</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
	<u>17 426 000</u>	<u>18 397 000</u>
Net liability/(asset)		
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	18 397 000	19 944 000
Total expenses	860 315	666 231
Current service cost	466 000	436 000
Interest Cost	2 000 000	1 769 000
Benefits Paid	(1 605 685)	(1 538 769)
Actuarial (gains)/losses	(1 831 315)	(2 213 231)
Present value of fund obligation at the end of the year	<u>17 426 000</u>	<u>18 397 000</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 2023

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	4,567	12,859	17,426

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation rate	1%	5,056	13,593	18,649	7%
Health care inflation rate	-1%	3,970	12,167	16,137	-7%
Discount rate	1%	3,899	12,091	15,990	-8%
Discount rate	-1%	5,406	13,731	19,137	10%
Post-employment mortality	+1 year	4,450	12,346	16,796	-4%
Post-employment mortality	-1 year	4,681	13,380	18,061	4%
Average retirement age	-1 year	5,054	12,859	17,913	3%
Continuation of membership at retirement	-10%	3,995	12,859	16,854	-3%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	402 000	1 972 000	2 374 000

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%	446 000	2 117 000	2 563 000	8%
Health care inflation rate	-1%	349 000	1 820 000	2 169 000	-9%
Discount rate	1%	347 000	1 954 000	2 301 000	-3%
Discount rate	-1%	471 000	1 991 000	2 462 000	4%
Post-employment mortality	+1 year	391 000	1 898 000	2 289 000	-4%
Post-employment mortality	-1 year	412 000	2 047 000	2 459 000	4%
Average retirement age	-1 year	443 000	2 030 000	2 473 000	4%
Continuation of membership at retirement	-10%	352 000	1 904 000	2 256 000	-5%
				2023 Rm	2022 Rm

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(0,151)	(1,205)
Assets: Gain / (loss)	-	-

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

	2021 Rm	2020 Rm	2019 Rm
Liabilities: (Gain) / loss	0,863	0,677	2,167
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.

10.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 65 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R169 000 whereas the Interest Cost for the next year is estimated to be R232 000.

Key actuarial assumptions used:	2023 %	2022 %
i) Rate of interest		
Discount rate	11,08%	11,03%
General Salary Inflation (long-term)	6,47%	7,33%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4,33%	3,45%

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

Present value of fund obligations	2 374 000	2 123 000
Fair value of plan assets	-	-
	2 374 000	2 123 000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	2 374 000	2 123 000

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	2 123 000	2 083 000
Total expenses	138 807	(39 277)
Current service cost	194 000	188 000
Interest Cost	223 000	177 000
Benefits Paid	(278 193)	(404 277)
Actuarial (gains)/losses	112 193	79 277
Present value of fund obligation at the end of the year	<u>2 374 000</u>	<u>2 123 000</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 2023

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		2 374,000	
General earnings inflation	+1%	2 503,000	5%
General earnings inflation	-1%	2 257,000	-5%
Discount rate	+1%	2 254,000	-5%
Discount rate	-1%	2 508,000	6%
Average retirement age	-2 yrs	2 555,000	8%
Average retirement age	2 yrs	2 215,000	-7%
Withdrawal rates	x2	1 946,000	-18%
Withdrawal rates	x0.5	2 657,000	12%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	169 000	232 000	401 000

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General earnings inflation	+1%	182 000	246 000	428 000	7%
General earnings inflation	-1%	158 000	219 000	377 000	-6%
Discount rate	+1%	160 000	238 000	398 000	-1%
Discount rate	-1%	180 000	224 000	404 000	1%
Average retirement age	2 yrs	180 000	252 000	432 000	8%
Average retirement age	-2 yrs	158 000	214 000	372 000	-7%
Withdrawal Rate	x2	127 000	184 000	311 000	-22%
Withdrawal Rate	x0.5	199 000	263 000	462 000	15%

	2023 R	2022 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	163 193	130 277
Assets: Gain / (loss)	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

	2021 R	2020 R	2019 R
Liabilities: (Gain) / loss	139 709	115 239	(11 336)
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.

10.3 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 2022 revealed that the fund has a funding level of 111,6% (30 June 2021 - 104,9%).

	2023 R	2022 R
Contributions paid recognised in the Statement of Financial Performance	103 613	96 466

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 2022 revealed that the fund is in a sound financial position with a funding level of 100,4% (30 June 2021 - 100,5%).

Contributions paid recognised in the Statement of Financial Performance	2 717 913	2 737 876
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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	133 970	125 971
SAMWU National Provident Fund	892 900	913 611
	1 026 870	1 039 582

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
11 CONSUMER DEPOSITS		
Rental Properties	8 005	8 005
Total Consumer Deposits	8 005	8 005

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

12 CURRENT EMPLOYEE BENEFITS		
Staff Bonuses	968 267	1 084 124
Staff Leave	1 695 256	1 540 196
Current Portion of Non-Current Provisions	2 226 000	1 854 000
Current Portion of Post Retirement Benefits - Note 10	1 643 000	1 650 000
Current Portion of Long-Service Provisions - Note 10	583 000	204 000
Total Provisions	4 889 523	4 478 320

The movement in current provisions are reconciled as follows:

12.1 <u>Staff Bonuses</u>		
Balance at beginning of year	1 084 124	1 000 364
Contribution to current portion	1 919 623	2 016 897
Expenditure incurred	(2 035 481)	(1 933 136)
Balance at end of year	968 267	1 084 124

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.

12.2 <u>Staff Leave</u>		
Balance at beginning of year	1 540 196	1 722 439
Contribution to current portion	400 491	238 558
Expenditure incurred	(245 431)	(420 802)
Balance at end of year	1 695 256	1 540 196

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.

13 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	678 424	798 128
Advance Payments	62 874	56 653
Department of Environmental affairs - Work for Water	2 525	2 525
Department Economic Development and Tourism	-	139
Other Payables	2 880 239	3 337 038
Balance previously stated		2 781 898
Correction of Error - Note 35.3		555 140
Total Trade Payables	3 624 061	4 194 483

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 2023

	2023 R	2022 R
14 UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	567 038	685 121
National Government Grants	6 549	4 963
Provincial Government Grants	218 485	228 694
Other Sources	342 003	451 464
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	567 038	685 121
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.		
15 TAXES		
15.1 VAT Payable	-	-
VAT Output in Suspense	(323 398)	(423 828)
Less: Contribution to Provision for Doubtful Debt Impairment	-	-
Total VAT Payable	(323 398)	(423 828)
15.2 VAT Receivable	174 117	209 800
VAT Input in Suspense	52 662	73 076
Total VAT Receivable	226 779	282 876
15.3 Net VAT (Payable)/Receivable	(96 619)	(140 952)
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
16 NET ASSET RESERVES		
RESERVES	26 965	101 551
Capital Replacement Reserve	26 965	101 551
Total Net Asset Reserve and Liabilities	26 965	101 551
16.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
17 GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	63 645 022	57 848 321
Equitable Share	55 849 000	52 385 000
Expanded Public Works Programme Integrated Grant	1 072 550	-
Local Government Financial Management Grant	1 889 062	1 945 829
Fire Equipment Grant	1 371	-
Integrated Development Planning	-	3 016
Rural Road Asset Management Systems Grant	2 949 600	2 966 801
Civil Defence Subsidy	8 849	69 866
NC Housing	250 000	276 327
Khotso Pula Nala	-	23 479
Training Reserve (SETA)	1 624 590	178 004
Government Grants and Subsidies - Capital	210 890	118 879
Financial Management Grant	210 890	54 816
Civil Defence Subsidy	-	64 063
Total Government Grants and Subsidies	63 855 912	57 967 201

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
Included in above are the following grants and subsidies received:		
Unconditional	55 849 000	52 385 000
Equitable Share	55 849 000	52 385 000
Conditional	8 006 912	5 582 201
Local Government Financial Management Grant	2 099 952	2 000 645
Fire Equipment Grant	1 371	-
Rural Road Asset Management Systems Grant	2 949 600	2 966 801
Civil Defence Subsidy	8 849	133 929
NC Housing	250 000	276 327
Khotso Pula Nala	-	23 479
Training Reserve (SETA)	1 624 590	178 004
Expanded Public Works Programme Integrated Grant	1 072 550	-
Integrated Development Planning	-	3 016
Total Government Grants and Subsidies	63 855 912	57 967 201

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share - Administration	9 504 000	7 814 000
Executive and Council	4 724 921	2 912 343
Finance and Administration	46 418 543	43 866 649
Public Safety	8 849	133 929
Planning and Development	3 199 600	3 240 280
Total Government Grants and Subsidies	63 855 912	57 967 201

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.

17.1 Finance Management Grant

Opening balance	1 390	2 034
Grants received	2 100 000	2 000 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 889 062)	(1 945 829)
Conditions met - Capital	(210 890)	(54 816)
Conditions still to be met	1 437	1 390

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

17.2 RSC Levies Replacement Grant

Opening balance	-	-
Grants received	42 694 000	41 688 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(42 694 000)	(41 688 000)
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.

17.3 Equitable Share

Opening balance	-	-
Grants received	9 504 000	7 814 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(9 504 000)	(7 814 000)
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.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
17.4 <u>Councillors Remuneration Grant</u>		
Opening balance	-	-
Grants received	3 651 000	2 883 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(3 651 000)	(2 883 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

This is an unconditional grant to co-funding the councillors remuneration.

17.5 <u>Municipal System Improvement Grant</u>		
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.

17.6 <u>Rural Roads Asset Management Grant</u>		
Opening balance	1 200	1 001
Grants received	3 106 000	2 967 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(3 104 900)	(2 966 801)
Conditions met - Capital	-	-
Conditions still to be met	2 300	1 200

This grant was established to make provision for the establishment of a roads network.

17.7 <u>Planning and Implementation Management System</u>		
Opening balance	11	2 255
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(11)	(2 244)
Conditions met - Capital	-	-
Conditions still to be met	-	11

This is a planning reserve and is utilised for planning purposes.

17.8 <u>Municipal Disaster Relief Grant</u>		
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.

17.9 <u>Civil Defence Subsidy</u>		
Opening balance	219 659	353 588
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(8 849)	(69 866)
Conditions met - Capital	-	(64 063)
Conditions still to be met	210 810	219 659

This conditional grant is to establish a disaster management centre.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
17.10 Expanded Public Works Program		
Opening balance	1 004	1 004
Grants received	1 073 000	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 072 550)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>1 454</u>	<u>1 004</u>
This grant service to establish work in local communities.		
17.11 Fire Equipment Grant		
Opening balance	1 351	1 351
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 351)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>1 351</u>
This grant is to assist local municipalities to render a fire service.		
17.12 Integrated Development Planning		
Opening balance	0	772
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(772)
Conditions met - Capital	-	-
Conditions still to be met	<u>0</u>	<u>0</u>
This reserve assist the municipality to compile and maintain the Integrated Development Plan.		
17.13 Komaggas Road		
Opening balance	1	1
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>1</u>
This grant was used to build the Kommagas road.		
17.14 SA Projects		
Opening balance	8	8
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(8)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>8</u>
This grant is to create work programmes in local communities.		
17.15 NC Housing		
Opening balance	0	26 327
Grants received	250 000	250 000
Conditions met - Operating	(250 000)	(276 327)
Conditions met - Capital	-	-
Conditions still to be met	<u>0</u>	<u>0</u>
This grant is to establish a housing unit at the District level.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
17.16 Khotso Pula Nala		
Opening balance	2 517	25 996
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(23 479)
Conditions met - Capital	-	-
Conditions still to be met	<u>2 517</u>	<u>2 517</u>
This grant originated from the Department Roads and Public Works and is used for projects determined by the Department.		
17.17 Electronic Filing System		
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.		
17.18 Training Reserve (SETA)		
Opening balance	451 464	93 469
Grants received	1 590 279	536 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 699 740)	(178 004)
Conditions met - Capital	-	-
Conditions still to be met	<u>342 003</u>	<u>451 464</u>
This is the amount claimed back from SETA for training and is utilised for training.		
17.19 Total Grants		
Opening balance	685 121	514 322
Grants received	63 968 279	58 138 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(63 875 472)	(57 848 321)
Conditions met - Capital	(210 890)	(118 879)
Conditions still to be met/(Grant expenditure to be recovered)	<u>567 038</u>	<u>685 121</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	567 038	685 121
Unpaid Conditional Government Grants and Receipts	-	-
Total	<u>567 038</u>	<u>685 121</u>
18 CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
Mubeko Africa	-	7 197
Springbok Superspar	479 644	-
Santam	248 075	-
Total Contributed Property, Plant and Equipment	<u>727 719</u>	<u>7 197</u>
<u>Disclosed as follows:</u>		
Revenue from Non-Exchange Transactions	727 719	7 197
Revenue from Exchange Transactions	-	-
Total Contributed Property, Plant and Equipment	<u>727 719</u>	<u>7 197</u>
19 SALES OF GOODS AND RENDERING OF SERVICES		
Rendering of Services	4 830 338	2 542 245
Scrap, Waste & Other Goods	71	-
Total Sales of Goods and Rendering of Services	<u>4 830 409</u>	<u>2 542 245</u>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
20 RENTAL FROM FIXED ASSETS		
Rental of facilities	1 496 415	1 212 000
Total Rental from Fixed Assets	1 496 415	1 212 000
21 INTEREST EARNED - EXTERNAL INVESTMENTS		
Financial assets	1 165 289	615 642
Total Interest Earned - External Investments	1 165 289	615 642
22 INTEREST EARNED - EXCHANGE TRANSACTIONS		
Other Receivables	72 684	54 110
Total Interest Earned - Outstanding Receivables	72 684	54 110
23 OPERATIONAL REVENUE		
Commission	4 006	3 852
Inspection Fees	63 944	87 575
Insurance Refund	284 209	41 174
Management Fees	267 716	132 750
Staff Recoveries	60	-
Services rendered to Construction Education and Training Authority	84 125	2 102 178
Balance previously stated		1 937 943
Correction of Error - Note 35.5		164 235
Services rendered to NCEDA	80 312	-
Services rendered to Department Health	432 976	92 651
Services rendered to Department Economic Development and Tourism	926 292	449 861
Total Operational Revenue	2 143 640	2 910 042
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	2 143 640	2 910 042
Revenue from Non-Exchange Transactions	-	-
Total Operational Revenue	2 143 640	2 910 042
24 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	30 605 660	28 104 219
Balance previously stated		27 633 604
Correction of Error - Note 35.5		470 615
Pension and UIF Contributions	4 806 028	4 567 087
Balance previously stated		4 571 128
Correction of Error - Note 35.5		(4 041)
Medical Aid Contributions	1 545 951	1 492 290
Balance previously stated		1 499 161
Correction of Error - Note 35.5		(6 871)
Overtime	90 246	345 382
Bonuses	1 919 623	2 016 897
Motor Vehicle Allowance	2 428 314	2 488 038
Cell Phone Allowance	183 142	195 821
Housing Allowances	578 504	591 619
Other benefits and allowances	96 664	18 247
Payments in lieu of leave	412 433	238 558
Workmen's Compensation Fund	281 498	196 039
Post-retirement Benefit Obligations	466 000	436 000
	43 414 064	40 690 196
<u>Less:</u> Employee Costs allocated elsewhere	-	-
Cost Capitalised to PPE	-	-
Cost allocated to Inventory	-	-
Total Employee Related Costs	43 414 064	40 690 196

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - SC Adams (current)</i>		
Annual Remuneration	270 376	-
Allowances	99 534	-
Contributions to UIF, Medical and Pension Funds	69 371	-
Total	439 281	-
<i>Remuneration of the Municipal Manager - CJ Fortuin (previous)</i>		
Annual Remuneration	568 504	890 529
13th Cheque	51 999	44 380
Allowances	178 965	301 200
Contributions to UIF, Medical and Pension Funds	95 385	157 671
Payments in lieu of leave	111 997	-
Total	1 006 851	1 393 780
<i>Remuneration of the Chief Finance Officer - R Datadin</i>		
Annual Remuneration	1 177 569	1 127 643
13th Cheque	54 611	52 061
Allowances	129 833	122 506
Contributions to UIF, Medical and Pension Funds	174 164	166 272
Total	1 536 177	1 468 482
<i>Remuneration of Senior Manager: Corporate and Municipal Health Services - GE Cloete</i>		
Annual Remuneration	1 034 840	988 223
13th Cheque	52 766	50 301
Allowances	153 109	148 029
Contributions to UIF, Medical and Pension Funds	116 100	110 776
Total	1 356 815	1 297 329
<i>Remuneration of Senior Manager: Economic Development and Planning - JT Loubser (previous)</i>		
Annual Remuneration	-	945 635
13th Cheque	-	124 041
Long service award	-	47 005
Payments in lieu of leave	-	157 786
Allowances	-	141 603
Contributions to UIF, Medical and Pension Funds	-	228 621
Total	-	1 644 691
<i>Remuneration of Senior Manager: Municipal Support Unit - HW Niehaus</i>		
Annual Remuneration	677 307	685 521
13th Cheque	32 571	25 875
Allowances	261 409	212 428
Contributions to UIF, Medical and Pension Funds	2 125	2 125
Acting allowance	-	1 695
Total	973 413	927 644
<i>Remuneration of Manager: Projects - I Smith</i>		
Annual Remuneration	648 096	620 820
13th Cheque	54 008	51 485
Allowances	195 172	183 406
Contributions to UIF, Medical and Pension Funds	149 617	142 810
Total	1 046 892	998 521
<i>Remuneration of Manager: Maintenance and Household Services - E Bezuidenhout</i>		
Annual Remuneration	729 660	698 580
13th Cheque	60 805	57 965
Allowances	193 234	181 385
Contributions to UIF, Medical and Pension Funds	156 619	149 466
Total	1 140 318	1 087 396

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
Remuneration of Head Accountant: Budget and Treasury - C Brown		
Annual Remuneration	546 744	514 080
13th Cheque	45 745	42 590
Allowances	140 724	133 212
Contributions to UIF, Medical and Pension Funds	154 299	148 984
Total	887 512	838 866
Remuneration of Manager: Municipal Health Services - D Smith		
Annual Remuneration	575 628	538 920
13th Cheque	59 869	44 660
Allowances	144 880	147 473
Contributions to UIF, Medical and Pension Funds	128 894	120 727
Total	909 271	851 781
Remuneration of Manager: Internal Audit - V Cloete		
Annual Remuneration	532 974	499 143
13th Cheque	44 677	41 589
Allowances	139 551	132 233
Contributions to UIF, Medical and Pension Funds	140 357	130 425
Total	857 559	803 390
Total Key Management Remuneration		
Annual Remuneration	6 761 698	7 509 094
13th Cheque	457 051	534 947
Allowances	1 636 411	1 703 475
Contributions to UIF, Medical and Pension Funds	1 186 932	1 357 877
Acting allowance	-	1 695
Payments in lieu of leave	111 997	157 786
Long service awards	-	47 005
	10 154 089	11 311 879
Correction of Error - Note 35.6	-	-
Total	10 154 089	11 311 879

25 REMUNERATION OF COUNCILLORS

MJ Cloete - Councillor - Executive Mayor	931 085	786 983
HJ Jack - Councillor (Term ended)	-	148 436
GY Pieters - Councillor - Speaker	753 749	620 153
PA Van Heerden - Councillor	415 399	263 189
JE Davids - Councillor (Term Ended)	-	38 683
E Hough - Councillor	325 003	210 385
CR Warne - Councillor	325 003	290 659
G Gous - Councillor (Term ended)	-	5 851
ZP De Jongh - Councillor	17 998	16 660
WJP Links - Councillor (Resigned)	-	91 972
AM Beukes - Councillor	325 003	326 482
AS Minnies - Councillor (Term ended)	-	114 621
EP Cloete - Councillor (Term ended)	-	131 382
AW Beukes - Councillor (Term ended)	-	116 135
FJ Farao - Councillor (Term ended)	-	111 066
CG Coetzee - Councillor (Term ended)	-	1 103
MR Grace - Councillor	-	67 271
AM Julie - Councillor	17 859	10 418
JH Wilschut - Councillor	108 255	44 538
CA Waterboer - Councillor	17 859	10 418
TF Bantom - Councillor	17 859	10 418
EC Oliphant - Councillor	108 255	63 155
LE Petersen - Councillor (Resigned)	-	5 953
RD Thomas - Councillor	13 305	9 981
JC Losper - Councillor	17 859	10 418
SJ Cloete - Councillor	17 859	10 418
RJ Cloete - Councillor	696 054	335 104
RH Cloete - Councillor	325 003	139 318
BC Brandt - Councillor	13 628	1 103
GJ Coetzee - Councillor	17 998	16 434
Total Councillors' Remuneration	4 465 033	4 008 705

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	886 685	-	44 400	-	931 085
Speaker	694 571	14 778	44 400	-	753 749
Chief Whip	13 628	-	-	-	13 628
Executive Committee Members	494 759	92 750	44 400	-	631 909
Section 79 Committee Chairperson	488 741	162 914	44 400	-	696 054
Councillors	980 406	280 603	177 600	-	1 438 609
Total Councillors' Remuneration	3 558 789	551 044	355 200	-	4 465 033

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.

26 CONTRACTED SERVICES

	2023 R	2022 R
Outsourced Services	34 200	151 591
Alien Vegetation Control	-	151 591
Burial Services	4 500	-
Human Resources	29 700	-
Consultants and Professional Services	7 599 918	7 486 112
Business and Advisory	3 799 355	4 187 790
Accounting and Auditing	1 679 400	815 600
Audit Committee	106 987	82 749
Actuaries	47 826	47 826
Business and Financial Management	681 122	1 003 205
Previously stated		980 542
Correction of Error - Note 35.5		22 662
Medical Examinations	22 848	-
Project Management	0	2 200
Previously stated		449 861
Correction of Error - Note 35.5		(447 662)
Research and Advisory	1 249 884	2 236 210
Qualification Verification	11 287	-
Infrastructure and Planning	2 875 305	2 640 448
Civil	2 648 048	2 581 314
Land and Quantity Surveyors	5 000	49 978
Town Planner	222 257	9 156
Previously stated		-
Correction of Error - Note 35.5		9 156
Laboratory Services	937	5 384
Medical	-	766
Water	937	4 618
Legal Cost	924 321	652 490
Legal Advice and Litigation	923 859	652 490
Previously stated		483 440
Correction of Error - Note 35.5		169 049
Issue of Summons	462	-

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
Contractors	908 397	1 248 192
Artists and Performers	-	30 000
Building	83 850	57 114
Catering Services	232 097	302 665
Electrical	13 149	9 472
Employee Wellness	10 900	16 842
Gardening Services	-	941
Maintenance of Buildings and Facilities	140 498	255 671
Maintenance of Equipment	308 401	469 444
Previously stated		469 444
Correction of Error - Note 35.5		-
Maintenance of Unspecified Assets	64 978	104 044
Transportation	7 280	-
Safeguard and Security	40 643	2 000
Stage and Sound Crew	6 600	-
Total Contracted Services	8 542 515	8 885 895
27 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	1 052 639	1 373 735
Intangible Assets	74 118	61 310
Investment Property carried at cost	22 888	429
Total Depreciation and Amortisation	1 149 645	1 435 474
28 FINANCE COSTS		
Long-term Borrowings	65 649	68 162
Non-current Employee Benefits	2 000 000	1 769 000
Total Finance Costs	2 065 649	1 837 162
29 TRANSFERS AND SUBSIDIES		
Capital	86 684	109 128
Allocations in-kind	86 684	109 128
Households	86 684	109 128
Operational	753 000	326 922
Allocations in-kind	62 000	9 993
Households	62 000	9 993
Monetary Allocations	691 000	316 929
Departmental Agencies and Accounts	100 000	-
Non-profit Institutions	268 000	-
Namakwa Sports Council	256 000	256 029
Unspecified	67 000	60 900
Total Transfers and Subsidies	839 684	436 051

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
30 OPERATIONAL COSTS		
Advertising, Publicity and Marketing	44 595	79 726
Previously stated		270 909
Correction of Error - Note 35.5		(191 183)
Assets less than the Capitalisation Threshold	6 265	8 907
Previously stated		5 296
Correction of Error - Note 35.5		3 611
Audit Fees	2 508 545	2 317 002
Previously stated		2 320 613
Correction of Error - Note 35.5		(3 611)
Bank Charges, Facility and Card Fees	41 240	38 481
Bursaries (Employees)	95 785	78 969
Courier and Delivery Services	204	104
Communication	300 973	360 072
Deeds	952	1 895
Entertainment	-	25 420
External Computer Service	877 371	789 514
Previously stated		777 324
Correction of Error - Note 35.5		12 190
Insurance Underwriting	464 454	413 195
Licences	24 685	20 253
Municipal Services	1 083 250	1 021 042
Previously stated		1 020 931
Correction of Error - Note 35.5		111
Printing, Publications and Books	234 125	216 046
Professional Bodies, Membership and Subscription	507 705	500 000
Registration Fees	8 043	35 359
Resettlement Cost	11 059	-
Skills Development Fund Levy	392 748	366 706
Previously stated		367 211
Correction of Error - Note 35.5		(505)
Storage of Assets and Goods	21 750	-
Transport Provided as Part of Departmental Activities	3 500	17 400
Travel and Subsistence	3 255 967	2 526 999
Previously stated		2 514 021
Correction of Error - Note 35.5		12 978
Uniform and Protective Clothing	87 953	13 731
Vehicle Tracking	40 230	-
Wet Fuel	881 240	770 470
Inventory consumed - Consumables	132 694	137 142
Inventory consumed - Materials and Supplies	168 784	-
Total Operational Costs	11 194 118	9 738 432
31 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 6	(300 021)	16 550
Receivables from Non-exchange Revenue - Note 7	866 896	39 555
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	566 875	56 105
32 GAINS/(LOSS) ON SALE OF FIXED ASSETS		
Intangible Assets	-	(3)
Property, Plant and Equipment	(136 666)	(9 255)
Total Gains/ (Loss) on Sale of Fixed Assets	(136 666)	(9 258)
33 REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS		
Intangible Assets	(2 377)	-
Property, Plant and Equipment	(9 950)	(2 154)
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	(12 327)	(2 154)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

34 RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

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 2022/23 financial year did not result in any reclassifications of 2022 balances previously reported.

35 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:

	2023 R	2022 R
35.1 Receivables from Exchange Transactions		
Balance previously reported	-	364 651
Receivables incorrect disclosed as Receivables from Non-Exchange Transaction in 2021/22 - Note 6	-	413 142
Restated Balance	-	777 793
<i>Receivable incorrectly disclosed as Receivables from Non-Exchange Transactions in prior year.</i>		
35.2 Receivables from Non-Exchange Transactions		
Balance previously reported	-	590 675
Sundry Receivables not recognised in periods before 1 July 2021 - Note 7	-	25 110
Sundry Receivables not recognised in 2021/22 - Note 7	-	11 417
Operational revenue recognised incorrectly in 2021/2022 - Note 7	-	164 235
Receivables incorrectly disclosed in 2021/22 - Note 7	-	(413 142)
Restated Balance	-	378 295
<i>Recovered amounts of Medical Aid Contributions not recognised in prior years, SDL incorrectly recognised in prior year and Operational Revenue recognised incorrectly in prior year</i>		
35.3 Trade and Other Payables from Exchange Transactions		
Balance previously reported	-	3 639 343
Payables recognised incorrectly in periods before 1 July 2021 - Note 13	-	460 114
Payables recognised incorrectly in 2021/2022 - Note 13	-	95 026
Restated Balance	-	4 194 483
<i>Creditors recognised incorrectly in previous years.</i>		
35.4 Accumulated Surplus/(Deficit) - 1 July 2021		
Payables incorrectly recognised in periods before 1 July 2021 - Note 13	-	(460 114)
Sundry receivables recognised incorrectly in periods before 1 July 2021 - Note 7	-	25 110
Output VAT recognised incorrectly in periods before 1 July 2020 - Note 15.3	-	-
Total	-	(435 004)

35,5 Changes to Statement of Financial Performance

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

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Government Grants and Subsidies		57 967 201	-	57 967 201
Contributed Property, Plant and Equipment		7 197	-	7 197
Actuarial Gains		2 213 231	-	2 213 231
Sales of Goods and Rendering of Services		2 542 245	-	2 542 245
Rental from Fixed Assets		1 212 000	-	1 212 000
Interest Earned - External Investments		615 642	-	615 642
Interest Earned - Exchange Transactions		54 110	-	54 110
Operational Revenue	35,2	2 745 807	164 235	2 910 042
Total		67 357 433	164 235	67 521 668

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Note	Balance previously reported	Adjustments	Restated Balance
Expenditure				
Employee related costs	35,2	(40 230 493)	(459 703)	(40 690 196)
Remuneration of Councillors	35,3	(3 971 596)	(37 109)	(4 008 705)
Contracted Services	35,3	(9 132 690)	246 794	(8 885 895)
Depreciation and Amortisation		(1 435 474)	-	(1 435 474)
Actuarial Losses		(79 277)	-	(79 277)
Finance Costs		(1 837 162)	-	(1 837 162)
Operating Leases		(66 760)	40 000	(26 760)
Transfers and Subsidies		(436 051)	(40 000)	(476 051)
Operational Costs	35.2 and 35.3	(9 904 841)	166 409	(9 738 432)
Total		(67 094 344)	(83 608)	(67 177 952)
Gains and Losses				
Reversal of Impairment Loss/(Impairment Loss) on Receivables		56 105	-	56 105
Gains/(Loss) on Sale of Fixed Assets		(9 258)	-	(9 258)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(2 154)	-	(2 154)
Total		44 693	-	44 693
Net Surplus/(Deficit) for the year		307 782	80 627	388 409

	2023 R	2022 R
35.6 Remuneration to key management		
Balance previously reported	-	10 508 489
Remuneration of Manager: Internal Audit not disclosed in 2021/22 - Note 24	-	803 390
Restated Balance	-	11 311 879

Remuneration paid to Manager: Internal Audit not separately disclosed in the prior year.

35.7 Other Related party transactions		
Balance previously reported	-	35 221
Related party transactions not disclosed in 2021/22 - Note 49.3	-	258 042
Restated Balance	-	293 263

Related party transactions with two service providers were not disclosed in the prior year.

36 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus/(Deficit) for the year	4 726 848	388 409
Adjustments for:		
Depreciation and Amortisation	1 149 644	1 435 474
Loss/(Gain) on Sale of Fixed Assets	136 666	9 258
Impairment Loss/(Reversal of Impairment Loss)	12 327	2 154
Contributed Property, Plant and Equipment	(727 719)	-
Government Grants and Subsidies received	63 968 279	58 138 000
Government Grants and Subsidies recognised as revenue	(64 086 362)	(57 967 201)
Contribution from/to provisions - Non-Current Employee Benefits	999 122	626 954
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	112 193	79 277
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(1 831 315)	(2 213 231)
Contribution from/to - Current Employee Benefits	39 203	(98 483)
Reversal of Provision for Bad Debt	(586 875)	(56 105)
Operating lease income accrued	(64 792)	-
Operating Surplus/(Deficit) before changes in working capital	3 867 219	344 506
Changes in working capital	(3 195 503)	4 725 191
Increase/(Decrease) in Trade and Other Payables	(570 421)	852 422
Increase/(Decrease) in Taxes	(44 333)	471 939
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(2 058 781)	284 936
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(521 967)	3 115 894
Cash generated/(absorbed) by operations	671 716	5 069 697

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
37 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 8	868 293	1 429 449
Call Deposits and Investments - Note 8	8 432 801	7 715 484
Cash Floats - Note 8	500	500
Total cash and cash equivalents	9 301 594	9 145 434
38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 37	9 301 594	9 145 434
Less:	(567 038)	(685 121)
Unspent Transfers and Subsidies - Note 14	(567 038)	(685 121)
Net cash resources available for internal distribution	8 734 555	8 460 312
Allocated to:		
Capital Replacement Reserve	(26 965)	(101 551)
Resources available for working capital requirements	8 707 590	8 358 761
39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 9	267 614	45 339
Used to finance property, plant and equipment - at cost	(267 614)	(45 339)
	-	-
Cash set aside for the repayment of long-term liabilities		
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		
40 BUDGET INFORMATION		
The Annual Budget of the Municipality is prepared for a 2022/23 MTREF period and is applicable from 1 July 2022 until 30 June 2023.		
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.		
40.1 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		
40.2 Statement of Financial Position		
40.2.1 Current Assets		
Cash		
<i>Decrease in Cash due to budgeting for deficits and budgeting for all cash under cash section.</i>		
Call Investment Deposits		
<i>Increase in Call Investment Deposits due to the budgeting for all cash under cash section.</i>		
Consumer Debtors		
<i>Increase in Consumer Debtors due to the outstanding contribution of B-Municipalities to the MSU department.</i>		
40.2.2 Non-Current Assets		
Investment Property		
<i>Increase due to the contributed assets on Investment Property.</i>		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Property, Plant and Equipment

Decrease due to the capital expenditure less than budgeted for due to, amongst others, under expenditure on finance lease assets and the delay in the purchase of a Mayoral Vehicle.

40.2.3 Current Liabilities

Borrowing

Increase in borrowing due to the acquisition 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 other creditors such as the Auditor General only paid in August 2023.

40.2.4 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.

40.2.5 Net Assets

Accumulated Surplus/(Deficit)

Increase due to actual operating surpluses.

Reserves

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

Statement of Financial Performance

40.2.6 Revenue

Interest Earned - External Investments

Decrease due to withdrawal of capital to fund operating deficit.

Interest Earned - Outstanding Debtors

Increase due to outstanding debtors.

Other Revenue

Decrease due to Work for Water projects started late during the year.

40.2.7 Expenditure

Employee Related Costs

Decrease due to vacant positions not filled, and actuarial gains and losses of R 1 719 122 included as R 0 in budget relating to post-retirement benefits.

Debt Impairment

Reversal of debt impairment due to collection of doubtful debt during the financial year.

Depreciation and Asset Impairment

Reduction of 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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

40.2.8 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.

Payments

Decrease due to reprioritising of projects and budget monitoring.

40.2.9 Net Cash from Financing Activities

Repayment of Borrowing

Decrease due to the saving the procurement of finance lease assets.

	2023 R	2022 R
41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
41.1 <u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure:		
Opening balance	2 043 249	6 294 398
Correction of prior period error	-	-
Restated opening balance	2 043 249	6 294 398
Unauthorised expenditure current year - operational	-	2 043 249
Unauthorised expenditure current year - capital	371 074	-
Approved by Council on 31 March 2023	(2 043 249)	(6 294 398)
Current	-	-
Prior Period	(2 043 249)	(6 294 398)
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	371 074	2 043 249

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved budget - 2022/23	None	371 074	2 043 249
		371 074	2 043 249

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

Non-cash	371 074	2 043 249
Cash	-	-
	371 074	2 043 249

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
<u>Analysed as follows: Non-cash</u>		
Reversal of debt impairment not realised	-	2 043 249
Receipt of contributed assets from Private Enterprises	371 074	-
	<u>371 074</u>	<u>2 043 249</u>

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

	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Vote 1 - Municipal Manager	20 958 633	21 234 919	(276 286)	-
Vote 2 - Manager: Corporate Services	12 765 977	14 940 139	(2 174 162)	-
Vote 3 - Manager: Economic Development	12 835 939	14 167 844	(1 331 905)	-
Vote 4 - Manager: Environmental Health	10 748 175	11 449 631	(701 457)	-
Vote 5 - Manager: Finance	7 507 159	8 261 804	(754 645)	-
Vote 6 - Manager: Roads	-	803 504	(803 504)	-
Vote 7 - Manager: Municipal Support Unit	7 291 818	12 084 753	(4 792 935)	-
	<u>72 107 700</u>	<u>82 942 594</u>	<u>(10 834 894)</u>	<u>-</u>
	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
<u>Unauthorised expenditure current year - capital</u>				
Vote 1 - Municipal Manager	829 074	458 000	371 074	371 074
Vote 2 - Manager: Corporate Services	385 612	856 000	(470 388)	-
Vote 3 - Manager: Economic Development	64 682	72 000	(7 318)	-
Vote 4 - Manager: Environmental Health	2 799	3 000	(201)	-
Vote 5 - Manager: Finance	183 383	217 000	(33 617)	-
Vote 6 - Manager: Roads	-	-	-	-
Vote 7 - Manager: Municipal Support Unit	-	-	-	-
	<u>1 465 549</u>	<u>1 606 000</u>	<u>(140 451)</u>	<u>371 074</u>

41.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	20 065
Correction of prior period error	-	-
Restated opening balance	-	20 065
Fruitless and wasteful expenditure current year	300	-
Recovered from individual	-	-
Condoned or written off by Council on 28 August 2023	(300)	(20 065)
Current	(300)	-
Prior Period	-	(20 065)
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings
Interest on late payment of invoice received - 2022/23	None
	-
	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
41.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	1 269 574	132 431
Correction of prior period error	-	565 562
Restated opening balance	1 269 574	697 993
Irregular expenditure current year	1 094 688	704 661
Balance previously report	-	650
Correction of error	-	704 011
Expenditure authorised i.t.o. Section 32 of MFMA by Council on 28 August 2023	(2 222 136)	(133 081)
Current	(975 872)	(650)
Prior Period	(1 246 264)	(132 431)
Condonement supported by council		
Current	-	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned		
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	<u>142 126</u>	<u>1 269 574</u>

Irregular expenditure awaiting further action can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings		
Non Compliance with SCM Regulation 36 - 2021/22	None	-	565 562
Non Compliance with SCM Regulation 36 - 2021/22	None	23 310	704 011
Non Compliance with SCM Regulation 36 - 2022/23	None	118 816	-
Non Compliance with SCM Policy - Paragraph 46(1) - 2022/23	None	-	-
Non Compliance with SCM Policy - Paragraph 19(1) - 2022/23	None	-	-
		<u>142 126</u>	<u>1 269 574</u>

42 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance	-	-
Council subscriptions	507 705	500 000
Amount paid - current year	(507 705)	(500 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

42.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year audit fee	2 508 545	2 320 613
External Audit - Auditor-General	2 508 545	2 320 613
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(2 174 490)	(2 320 613)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	<u>334 055</u>	<u>-</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
42.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	209 800	264 607
Correction of prior period error	-	-
Restated opening balance	209 800	264 607
Amounts received - previous year	-	-
Amounts received - current year	(1 182 785)	(1 583 137)
Amount claimed - current year	1 147 102	1 528 330
Amount claimed - previous year	-	-
Closing balance	<u>174 117</u>	<u>209 800</u>

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.

42.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	7 446 995	7 413 406
Amount paid - current year	(7 446 995)	(7 413 406)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

42.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	11 955 435	11 644 826
Amount paid - current year	(11 955 435)	(11 644 826)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

42.6 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 2023	Type of Deviation			
	Total	Single Supplier	Impossible	Emergency
July	73 449	-	-	73 449
August	53 185	19 156	-	34 030
September	67 179	43 263	-	23 916
October	83 196	29 935	-	53 261
November	44 185	17 183	-	27 002
December	12 466	454	-	12 012
January	37 682	37 682	-	-
February	22 332	570	-	21 762
March	9 514	9 111	-	403
April	4 253	-	-	4 253
May	5 677	-	-	5 677
June	177 918	9 973	-	167 945
	<u>591 034</u>	<u>167 327</u>	<u>-</u>	<u>423 707</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

30 June 2022

	Type of Deviation				Emergency
	Total	Single Supplier	Impossible	Impractical	
July	104 672	4 491	-	100 180	-
August	74 366	18 199	-	56 167	-
September	80 319	7 085	-	73 234	-
October	155 333	75 898	-	79 435	-
November	59 218	5 757	-	53 461	-
December	141 489	77 995	-	63 494	-
January	145 014	90 539	-	54 475	-
February	77 755	13 763	-	63 992	-
March	29 084	572	-	28 512	-
April	58 634	46 997	-	11 637	-
May	164 782	7 546	-	157 236	-
June	89 355	9 973	-	79 381	-
	<u>1 180 021</u>	<u>358 815</u>	<u>-</u>	<u>821 206</u>	<u>-</u>

43 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.

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

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2023 R	2022 R
1% (2022: 1%) Increase in interest rates	90 335	90 996
1% (2022: 1%) Decrease in interest rates	(90 335)	(90 996)

(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.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

All rates and services are payable within 30 days from invoice date. Refer to note 6 and 7 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2023 %	2023 R	2022 %	2022 R
Property Rentals	7,07%	1 252 857	5,32%	794 498
Other	92,93%	16 456 809	94,68%	14 335 347
	<u>100,00%</u>	<u>17 709 667</u>	<u>100,00%</u>	<u>15 129 845</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 6 and 7 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 follow:

	2023 %	2023 R	2022 %	2022 R
Other	93,73%	12 677 014	96,11%	13 543 910
Property Rentals	6,27%	848 198	3,89%	548 177
	<u>100,00%</u>	<u>13 525 213</u>	<u>100,00%</u>	<u>14 092 088</u>

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

	2023 %	2023 R	2022 %	2022 R
Government	90,94%	12 299 753	93,72%	13 207 777
Industrial	2,79%	377 262	2,39%	336 134
Residential	6,27%	848 198	3,89%	548 177
	<u>100,00%</u>	<u>13 525 213</u>	<u>100,00%</u>	<u>14 092 088</u>

Ageing of amounts past due but not impaired are as follow:

	Exchange Receivables	Non- exchange Receivables
2023		
1 month past due	99 397	13 748
2+ months past due	204 028	2 857 489
	<u>303 425</u>	<u>2 871 237</u>
2022		
1 month past due	78 376	4 801
2+ months past due	74 205	570 429
	<u>152 581</u>	<u>575 231</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.

Financial assets exposed to credit risk at year end are as follows:

Receivables from exchange transactions	3 384 752	912 829
Receivables from non-exchange transactions	14 444 172	14 335 347
Cash and Cash Equivalents	9 301 094	9 144 934
	<u>27 130 018</u>	<u>24 393 110</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(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
2023				
Long-term Liabilities	155 922	160 850	-	-
Trade and Other Payables	3 624 061	-	-	-
	<u>3 779 983</u>	<u>160 850</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2022				
Long-term Liabilities	35 812	14 922	-	-
Trade and Other Payables	4 194 483	-	-	-
	<u>4 230 295</u>	<u>14 922</u>	<u>-</u>	<u>-</u>

44 FINANCIAL INSTRUMENTS

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

44.1	Financial Assets	Classification	2023 R	2022 R
	Receivables from Exchange Transactions			
	Property Rentals	Financial Instruments at amortised cost	1 252 857	794 498
	B-Municipalities	Financial Instruments at amortised cost	2 012 637	413 142
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	868 293	1 429 449
	Call Deposits	Financial Instruments at amortised cost	8 432 801	7 715 484
	Total Financial Assets		<u>12 566 588</u>	<u>10 352 573</u>

SUMMARY OF FINANCIAL ASSETS

Financial Instruments at amortised cost:

Receivables from Exchange Transactions	Property Rentals	1 252 857	794 498
Receivables from Exchange Transactions	B-Municipalities	2 012 637	-
Cash and Cash Equivalents	Bank Balances	868 293	1 429 449
Cash and Cash Equivalents	Call Deposits	8 432 801	7 715 484
		<u>12 566 588</u>	<u>9 939 431</u>
Total Financial Assets		<u>12 566 588</u>	<u>9 939 431</u>

44.2 Financial Liabilities

Classification

Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	267 614	45 339

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	678 424	798 128
Advance Payments	Financial Instruments at amortised cost	62 874	56 653
Department of Environmental affairs - Work for Water	Financial Instruments at amortised cost	2 525	2 525
Other Payables	Financial Instruments at amortised cost	2 880 239	3 337 038
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		<u>3 891 676</u>	<u>4 239 683</u>

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:

Long-term Liabilities	Capitalised Lease Liability	267 614	45 339
Trade and Other Payables	Trade Payables	678 424	798 128
Trade and Other Payables	Advance Payments	62 874	56 653
Trade and Other Payables	Control, Clearing and Interface Accounts	2 525	2 525
Trade and Other Payables	Other Payables	2 880 239	3 337 038
		<u>3 891 676</u>	<u>4 239 683</u>

45 STATUTORY RECEIVABLES

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

Taxes			
VAT Receivable		174 117	209 800
Total Statutory Receivables (before provision)		<u>174 117</u>	<u>209 800</u>
Less: Provision for Debt Impairment		-	-
Total Statutory Receivables (after provision)		<u>174 117</u>	<u>209 800</u>

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	-	-
	<u>-</u>	<u>-</u>

46 PRIVATE PUBLIC PARTNERSHIPS

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

47 CONTINGENT LIABILITY

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. Any potential damages / costs awarded against Council if claimant is successful in their action cannot be determined at the current stage.

48 RELATED PARTIES

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

48.1 Compensation of key management personnel

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

48.2 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 2023:

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
SC Adams	Municipal Manager (current)	26 840	23 299	67 531
CJ Fortuin	Municipal Manager (previous)	-	-	79 171
R Datadin	Chief Financial Officer	127 711	27 306	21 229
	Head: Corporate and Municipal Health Services	52 479	26 383	101 473
GE Cloete	Head: Municipal Support Unit	20 324	16 286	50 908
HW Niehaus				
		227 355	93 273	320 311

The transactions above were concluded in arm's length.

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
CJ Fortuin	Municipal Manager	93 731	25 888	93 776
R Datadin	Chief Financial Officer	96 758	30 369	17 782
	Head: Corporate and Municipal Health Services	31 533	29 342	54 505
GE Cloete	Head: Economic Development and Planning	-	-	69 833
JT Loubser	Head: Municipal Support Unit	16 394	18 113	55 326
HW Niehaus				
		238 415	103 712	291 222

The transactions above were concluded in arm's length.

2023
R

2022
R

48.3 Other related party transactions in terms of section 45 of the SCM regulations

The following awards were made where immediate family members are in service of the state:

Company Name	Relationship		
GPJ Solar Electric (Pty) Ltd	Wife (Namakwa District Municipality)	12 298	35 221
Rudge Enterprise	Wife (COGHSTA employee)	47 535	18 797
Ettienne Vermaak	Wife (District Municipality)	18 000	239 245
DX Plumelect Solutions (Pty) Ltd	Father (SAPS employee)	6 020	-
		83 853	293 263

The transactions above were concluded in arm's length.

Related party transactions with Rudge Enterprise and Ettienne Vermaak was not disclosed in the previous year.

49 FINANCIAL SUSTAINABILITY

Financial Indicators

We draw attention to the fact that, as at 30 June 2023, 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 13 525 213 (2022: R 14 092 088) whereby the majority of impairment is due to debts owed by government departments;
- The Municipality's total liabilities exceed its total assets by R 7 075 884 (2022: R11 802 732);
- The Municipality incurred a net surplus for the year under review of R 4 726 848 (R2022: R R 388 409);
- The accumulated deficit is R 7 102 849 (2022: R11 904 253);
- The Municipality had positive cashflows of R 156 160 (2022: Positive R4 334 024).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 2 966 000 for the 2023/24 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.

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 R19 056 584 (2022: R18 870 383).

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 2023/24, 2024/25 and 2025/26 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.

50 EVENTS AFTER REPORTING PERIOD

50.1 Investigation of unauthorised, irregular and fruitless and wasteful expenditure

On 29 August 2023, the Council approved the write-off of irregular expenditure of R 2 222 136 and the write-off of fruitless and wasteful expenditure of R 300.

No further events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after to 30 June 2023.

51 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 2023

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2022	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2023	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Office Equipment, Computer Equipment and Tablets		NDM006-460818	31/08/2025	45 339	-	332 413	(110 138)	267 614	251 904	-
Total Lease Liabilities				45 339	-	332 413	(110 138)	267 614	251 904	-
TOTAL EXTERNAL LOANS				45 339	-	332 413	(110 138)	267 614	251 904	-

APPENDIX B
NAMAKWA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R
3 454 855	(17 582 895)	(14 047 414)	Governance and Administration	6 563 833	(19 930 444)	(13 366 611)
60 955 896	(26 057 031)	34 898 866	Executive and council	65 656 510	(27 577 261)	38 079 249
-	(924 145)	(924 145)	Finance and administration	-	(1 015 882)	(1 015 882)
-	-	-	Internal audit	-	-	-
-	-	-	Community and Public Safety	-	-	-
-	-	-	Community and social services	-	-	-
-	-	-	Sport and recreation	-	-	-
221 504	(5 869 555)	(5 648 051)	Public safety	72 794	(4 941 324)	(4 868 530)
-	-	-	Housing	-	-	-
-	(5 232 461)	(5 232 461)	Health	-	(5 100 345)	(5 100 345)
-	-	-	Economic and Environmental Services	-	-	-
3 240 280	(8 835 655)	(5 595 374)	Planning and development	3 199 600	(8 624 964)	(5 425 365)
-	0	0	Road transport	-	-	-
-	(1 478 936)	(1 478 936)	Environmental protection	1 341 812	(3 131 785)	(1 789 973)
-	-	-	Trading Services	-	-	-
-	-	-	Energy sources	-	-	-
-	-	-	Water management	-	-	-
-	-	-	Waste water management	-	-	-
-	-	-	Waste management	-	-	-
-	(1 584 077)	(1 584 077)	Other	-	(1 785 695)	(1 785 695)
67 872 536	(67 564 754)	388 409	Sub Total	76 834 548	(72 107 700)	4 726 848
-	-	-	Less Inter-Departmental Charges	-	-	-
67 872 536	(67 564 754)	388 409	Total	76 834 548	(72 107 700)	4 726 848

APPENDIX C
NAMAKWA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023
MUNICIPAL VOTES CLASSIFICATIONS

2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R
			Municipal Manager			
-	(3 211 678)	(3 211 678)	Council: Councillors	-	(3 575 208)	(3 575 208)
3 335 877	(5 240 109)	(1 904 231)	Council Expenditure	6 130 856	(7 215 982)	(1 085 126)
92 651	(1 085 875)	(993 224)	Executive Mayor	432 976	(1 510 564)	(1 077 588)
-	(1 008 494)	(1 008 494)	Internal Audit and Audit Committee	-	(1 096 673)	(1 096 673)
26 327	(1 741 604)	(1 715 277)	Mayor - PA	-	(2 204 405)	(2 204 405)
-	(1 563 924)	(1 563 924)	Municipal Manager	-	(1 656 165)	(1 656 165)
-	(2 628 264)	(2 628 264)	Municipal Manager - Admin	-	(2 106 166)	(2 106 166)
-	(688 105)	(688 105)	Speaker	-	(834 954)	(834 954)
-	(1 258 360)	(1 258 360)	Speaker - PA	-	(758 516)	(758 516)
			Manager: Corporate Services			
-	(7 157 815)	(7 157 815)	Administration	80 372	(7 177 358)	(7 096 986)
2 233 271	(1 545 378)	687 893	Human Resources	1 831 315	(1 481 982)	349 333
1 212 000	(1 685 156)	(473 156)	Council Buildings	1 744 490	(1 649 979)	94 512
-	(2 104 972)	(2 104 972)	Council Vehicles	-	(2 456 658)	(2 456 658)
			Manager: Economic Development			
-	(1 149 063)	(1 149 063)	Economic Development	-	(1 919 849)	(1 919 849)
-	-	-	Fish Factory	-	-	-
-	-	-	Harbour	-	-	-
-	-	-	Project Manager SLP	-	-	-
-	(1 584 077)	(1 584 077)	Tourism	-	(1 785 695)	(1 785 695)
-	(1 478 936)	(1 478 936)	Working for Water	1 295 199	(2 425 280)	(1 130 080)
-	(1 848 469)	(1 848 469)	Planning	-	(421 235)	(421 235)
-	(2 196 984)	(2 196 984)	Council Projects	-	(2 405 904)	(2 405 904)
2 990 280	(2 781 679)	208 601	Project Management	2 949 600	(2 760 170)	189 429
250 000	(859 459)	(609 459)	Housing	250 000	(1 117 806)	(867 806)
			Manager: Environmental Health			
-	-	-	Ambulance	-	-	-
-	(5 180 809)	(5 180 809)	Environmental Health	46 613	(5 752 822)	(5 706 209)
-	-	-	Law Enforcement	-	-	-
-	(51 652)	(51 652)	Primary Health	-	(54 029)	(54 029)
221 504	(5 869 555)	(5 648 051)	Safety	72 794	(4 941 324)	(4 868 530)
			Manager: Finance			
52 357 370	(7 352 135)	45 005 236	Finance	56 091 927	(7 507 159)	48 584 768
			Manager: Municipal Support Unit			
5 153 255	(6 211 574)	(1 058 320)	Municipal Support Unit	5 908 405	(7 291 818)	(1 383 413)
67 872 536	(67 484 127)	388 409	Sub Total	76 834 548	(72 107 700)	4 726 848
-	-	-	Less Inter-Departmental Charges	-	-	-
67 872 536	(67 484 127)	388 409	Total	76 834 548	(72 107 700)	4 726 848

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 2023
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	
Executive Mayor	78 506	-	-	-	(463)	78 043	73 583	-	3 276
Mayor - P.A	116 224	-	-	-	(1 050)	115 174	106 100	-	6 265
Speaker	34 194	-	-	-	(1 459)	32 735	33 793	-	259
Speaker - P.A	45 844	-	-	-	(354)	45 490	35 059	-	8 057
Councillors	85 672	-	-	-	-	85 672	45 216	-	11 899
Audit committee	-	-	-	-	-	-	-	-	-
Council Administration	12 612 045	-	829 074	-	(810)	13 440 309	9 772 651	-	3 333 010
Municipal Manager	205 159	-	-	-	(2 109)	203 050	194 280	-	7 070
Municipal Manager - Administration	15 641	-	-	-	(585)	15 055	15 465	-	116
Equitable Share - Administration	-	-	-	-	-	-	-	-	-
Internal Audit	45 001	-	-	-	(354)	44 647	38 153	-	4 119
Budget and Treasury	1 474 711	-	-	-	(11 577)	1 463 134	1 463 179	-	6 173
Finance	867 816	-	183 383	-	-	1 051 198	82 791	-	865 512
Asset Management	6 597	-	-	-	-	6 597	5 864	-	489
Supply Chain Management	-	-	-	-	-	-	-	-	-
Payroll	-	-	-	-	-	-	-	-	-
Fleet Management	-	-	-	-	-	-	-	-	-
Household Services	847 229	-	15 504	-	(15 111)	847 622	590 743	-	220 866
Human Resources	103 799	-	-	-	(6 572)	97 228	102 538	-	747
Council Buildings	3 618 066	-	18 449	-	(10 772)	3 625 742	2 914 276	-	560 894
Council Vehicles	4 655 871	-	16 170	-	(6 576)	4 665 463	3 930 630	-	499 139
Corporate Services	33 186	-	87 413	-	-	120 599	3 115	-	104 194
Planning	666 408	-	-	-	-	666 408	641 436	-	16 646
Economic Development	88 744	-	-	-	(2 726)	86 019	86 329	-	1 519
Tourism	201 807	-	64 682	-	(6 846)	259 641	176 946	-	78 883
Work for Water	-	-	-	-	-	-	-	-	-
Council Projects	257 072	-	-	-	(837)	256 234	247 362	-	6 440
Local Municipal Project Support	631 740	-	-	-	(459 194)	172 546	392 626	-	46 789
PMU	15 186	-	-	-	-	15 186	14 990	-	131
Safety	2 817 515	-	248 075	-	(111 436)	2 954 155	2 518 394	-	437 380
Environmental Health	233 774	-	2 799	-	(3 533)	233 041	158 321	-	60 003
	29 757 808	-	1 465 549	-	(642 367)	30 580 988	23 643 841	-	6 280 878

NAMAKWA DISTRICT MUNICIPALITY

Grant Description	Balance 30 June 2022	Correction of Error	Restated Balance 30 June 2022	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 2023
National Government Grants									
Finance Management Grant	1 390	-	1 390	2 100 000	-	-	(1 889 052)	(210 890)	1 437
RSC Levies Replacement Grant	-	-	-	42 694 000	-	-	(42 694 000)	-	-
Equitable Share	-	-	-	9 504 000	-	-	(9 504 000)	-	-
Conciliators Remuneration Grant	-	-	-	3 651 000	-	-	(3 651 000)	-	-
Expanded Public Works Program	1 004	-	1 004	1 073 000	-	-	(1 072 550)	-	1 454
Municipal System Improvement Grant	1 359	-	1 359	-	-	-	-	-	1 359
Rural Roads Asset Management Grant	1 200	-	1 200	3 106 000	-	-	(3 104 900)	-	2 300
Planning and Implementation Management System	11	-	11	-	-	-	(11)	-	-
Total National Government Grants	4 963	-	4 963	62 128 000	-	-	(61 915 523)	(210 890)	6 549
Provincial Government Grants									
Municipal Disaster Relief	361	-	361	-	-	-	-	-	361
Civil Defence Subsidy	219 659	-	219 659	-	-	-	(8 849)	-	210 810
Fire Equipment Grant	1 351	-	1 351	-	-	-	(1 351)	-	-
Integrated Development Planning	0	-	0	-	-	-	-	-	0
Komaggas Road	1	-	1	-	-	-	(1)	-	-
SA Projects	8	-	8	-	-	-	(8)	-	-
NC Housing	0	-	0	250 000	-	-	(250 000)	-	0
Khotso Pula Nala	2 517	-	2 517	-	-	-	-	-	2 517
Electronic Filing System	4 798	-	4 798	-	-	-	-	-	4 798
Total Provincial Government Grants	228 694	-	228 694	250 000	-	-	(260 209)	-	218 485
Other Grant Providers									
Training Reserve (SETA)	451 464	-	451 464	1 590 279	-	-	(1 699 740)	-	342 003
Total Other Grant Providers	451 464	-	451 464	1 590 279	-	-	(1 699 740)	-	342 003
Total Grants	685 121	-	685 121	63 968 279	-	-	(63 875 472)	(210 890)	567 038

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

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A1 Budget Summary												
Description	2022/23					2021/22						
	Original Budget	Budget Adjustments (i.e. 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 thousands	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Service charges	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Investment revenue	1 548	-	1 548	1 165	-	382	75.3%	75.3%	-	-	-	1 212
Transfers recognised - operational	87 862	1 168	89 030	83 645	-	5 385	92.2%	93.8%	-	-	-	-
Other own revenue	10 691	530	11 222	9 271	-	1 951	82.6%	86.7%	-	-	-	61 554
Total Revenue (excluding capital transfers and contributions)	80 101	1 698	81 799	74 081	-	7 718	90.6%	92.5%	-	-	-	62 765
Employee costs	47 152	(1 381)	45 771	41 695	-	4 076	91.1%	88.4%	-	-	-	38 477
Remuneration of councillors	4 448	103	4 551	4 465	-	86	98.1%	100.4%	-	-	-	4 009
Debt Impairment	-	-	-	(567)	-	567	#DIV/0!	#DIV/0!	-	-	-	(56)
Depreciation & asset impairment	1 489	212	1 701	1 162	-	539	68.3%	78.0%	-	-	-	1 435
Finance charges	157	3	160	2 066	-	(1 909)	1293.6%	1314.2%	-	-	-	1 837
Materials and bulk purchases	194	153	347	-	-	347	0.0%	0.0%	-	-	-	-
Transfers and grants	220	361	581	840	-	(259)	144.5%	381.7%	-	-	-	476
Other expenditure	28 338	1 494	29 832	19 338	-	10 494	64.8%	68.2%	-	-	-	16 200
Total Expenditure	81 998	945	82 943	68 998	-	13 944	83.2%	84.1%	-	-	-	62 378
Surplus/(Deficit)	(1 896)	753	(1 144)	5 083	-	(6 227)	-444.4%	-268.0%	-	-	-	388
Transfers recognised - capital	217	-	217	211	-	6	97.2%	97.2%	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(1 679)	753	(927)	5 294	-	(6 221)	-571.2%	-315.2%	-	-	-	388
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Surplus/(Deficit) for the year	(1 679)	753	(927)	5 294	-	(6 221)	-571.2%	-315.2%	-	-	-	388
Capital expenditure & funds sources												
Capital expenditure	217	-	217	113	-	104	52.2%	52.2%	-	-	-	73
Transfers recognised - capital	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Public contributions & donations	-	-	440	-	-	440	0.0%	#DIV/0!	-	-	-	-
Borrowing	233	1 349	949	496	-	453	52.2%	212.8%	-	-	-	176
Internally generated funds	450	1 349	1 606	609	-	597	37.9%	135.3%	-	-	-	-
Total sources of capital funds												
Cash flows												
Net cash from (used) operating	249	1 297	1 546	672	-	874	43.5%	270.2%	-	-	-	22 945
Net cash from (used) investing	(460)	(716)	(1 166)	(405)	-	(761)	34.8%	90.1%	-	-	-	(616)
Net cash from (used) financing	(160)	30	(130)	(110)	-	(20)	84.7%	68.8%	-	-	-	(119)
Cash/cash equivalents at the year end	6 169	250	6 419	9 302	-	(2 683)	144.9%	150.8%	-	-	-	-

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

NAMAUKWA DISTRICT MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)												
Description	2022/23					2021/22						
	Original Budget	Budget Adjustments (i.e. 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
Revenue - Standard												
Governance and administration	72 064	2 006	74 070	72 220		1 849	97,5%	100,2%				64 411
Executive and council	5 724	500	6 224	6 564		(340)	105,5%	114,7%				3 455
Finance and administration	66 340	1 506	67 846	65 657		2 189	96,8%	99,0%				60 956
Internal audit	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Community and public safety	357	560	917	73		844	7,9%	20,4%				222
Community and social services	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Sport and recreation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Public safety	107	10	117	73		44	62,2%	68,1%				222
Housing	250	-	250	-		250	0,0%	0,0%				-
Health	-	550	550	-		550	0,0%	#DIV/0!				-
Economic and environmental services	7 897	(868)	7 029	4 541		2 488	64,6%	57,5%				3 240
Planning and development	3 106	-	3 106	3 200		(94)	103,0%	103,0%				3 240
Road transport	804	-	804	-		804	0,0%	0,0%				-
Environmental protection	3 988	(868)	3 120	1 342		1 778	43,0%	33,6%				-
Trading services	-	-	-	-		-	#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!				-
Other	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Total Revenue - Standard	80 318	1 698	82 016	76 835		5 181	93,7%	95,7%				67 873

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

Description	2022/23					2021/22						
	Original Budget	Budget Adjustments (i.e. 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
Expenditure - Standard												
Governance and administration	54 357	2 165	56 522	48 524	-	-	0,0%	0,0%	-	-	-	44 564
Executive and council	18 574	1 571	20 144	19 930	-	214	98,9%	107,3%	-	-	-	17 583
Finance and administration	34 620	667	35 287	27 577	-	7 709	78,2%	79,7%	-	-	-	26 057
Internal audit	1 164	(73)	1 091	1 016	-	75	93,1%	87,3%	-	-	-	924
Community and public safety	11 140	146	11 286	10 942	-	-	0,0%	0,0%	-	-	-	11 102
Community and social services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Sport and recreation	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Public safety	4 724	344	5 068	4 941	-	127	97,5%	104,6%	-	-	-	5 870
Housing	1 249	(123)	1 127	-	-	1 127	0,0%	0,0%	-	-	-	-
Health	5 167	(76)	5 091	5 100	-	(9)	100,2%	98,7%	-	-	-	5 232
Economic and environmental services	14 670	(1 363)	13 308	11 757	-	-	0,0%	0,0%	-	-	-	10 315
Planning and development	9 173	(1 079)	8 094	8 625	-	(531)	106,6%	94,0%	-	-	-	8 636
Road transport	804	-	804	-	-	804	0,0%	0,0%	-	-	-	(0)
Environmental protection	4 694	(284)	4 410	3 132	-	1 278	71,0%	66,7%	-	-	-	1 479
Trading services	1 830	(3)	1 828	1 786	-	-	0,0%	0,0%	-	-	-	1 584
Electricity	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Water	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste water management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other	1 830	(3)	1 828	1 786	-	-	0,0%	0,0%	-	-	-	1 584
Total Expenditure - Standard	81 998	945	82 943	72 108	-	-	0,0%	0,0%	-	-	-	67 565
Surplus/(Deficit) for the year	(1 679)	753	(927)	4 727	-	-	0,0%	0,0%	-	-	-	308

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

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)													
Vote Description		2022/23							2021/22				
		Original Budget	Budget Adjustments (i.e. 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
Revenue by Vote													
Vote 1 - Municipal Manager		5 724	500	6 224	6 564		(340)	105,5%	114,7%				3 705
Vote 2 - Manager: Corporate Services		1 262	780	2 042	3 656		(1 615)	179,1%	289,8%				3 445
Vote 3 - Manager: Economic Development		7 344	(868)	6 476	4 495		1 981	69,4%	61,2%				2 990
Vote 4 - Manager: Environmental Health		107	560	667	119		548	17,9%	111,6%				222
Vote 5 - Manager: Finance		55 916	-	55 916	56 092		(176)	100,3%	100,3%				52 357
Vote 6 - Manager: Roads		804	-	804	-		-	-	-				-
Vote 7 - Manager: Municipal Support Unit		9 162	726	9 888	5 908		-	-	-				5 153
Total Revenue by Vote		80 318	1 698	82 016	76 835	-	398	93,7%	95,7%				67 873
Expenditure by Vote to be appropriated													
Vote 1 - Municipal Manager		19 737	1 498	21 235	20 959	(276)	276	98,7%	106,2%	-	-	-	19 285
Vote 2 - Manager: Corporate Services		14 910	30	14 940	12 766	(2 174)	2 174	85,4%	85,6%	-	-	-	12 493
Vote 3 - Manager: Economic Development		16 204	(2 036)	14 168	12 836	(1 332)	1 332	90,6%	79,2%	-	-	-	11 039
Vote 4 - Manager: Environmental Health		10 633	817	11 450	10 748	(701)	701	93,9%	101,1%	-	-	-	11 102
Vote 5 - Manager: Finance		8 279	(17)	8 262	7 507	(755)	755	90,9%	90,7%	-	-	-	7 352
Vote 6 - Manager: Roads		804	-	804	-	(804)	-	0,0%	0,0%	-	-	-	-
Vote 7 - Manager: Municipal Support Unit		11 431	654	12 085	7 292	(4 793)	-	0,0%	0,0%	-	-	-	6 212
Total Expenditure by Vote		81 998	945	82 943	72 108	-	10 835	86,9%	87,9%	-	-	-	67 484
Surplus/(Deficit) for the year		(1 679)	753	(927)	4 727		(5 654)	-510,0%	-281,5%				389

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

NAMAQWA DISTRICT MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)												
Description	2022/23						2021/22					
	Original Budget	Budget Adjustments (i.e. 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 MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousand												
Revenue By Source												
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	1 262	80	1 342	1 496		(155)	111.5%	118.6%				1 212
Interest earned - external investments	1 548	-	1 548	1 165		382	75.3%	75.3%				616
Interest earned - outstanding debtors	71	-	71	73		(2)	103.0%	103.0%				54
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	67 862	1 168	69 030	63 645		5 385	92.2%	93.8%				57 974
Other revenue	9 359	450	9 809	7 702		2 108	78.5%	82.3%				2 910
Gains on disposal of PPE	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Total Revenue (excluding capital transfers and contributions)	80 101	1 698	81 799	74 081		7 718	90.6%	92.5%				62 766
Expenditure By Type												
Employee related costs	47 152	(1 381)	45 771	41 695	-	4 076	91.1%	88.4%	-	-	-	38 477
Remuneration of councillors	4 448	103	4 551	4 465	-	86	98.1%	100.4%	-	-	-	4 009
Debt impairment	-	-	-	(567)	-	567	#DIV/0!	#DIV/0!	-	-	-	(56)
Depreciation & asset impairment	1 489	212	1 701	1 162	-	539	68.3%	78.0%	-	-	-	1 435
Finance charges	157	3	160	2 066	-	(1 906)	1283.6%	1314.2%	-	-	-	1 837
Bulk purchases	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other materials	194	153	347	-	-	347	0.0%	0.0%	-	-	-	-
Contracted services	17 994	(461)	17 533	8 543	-	8 990	48.7%	47.5%	-	-	-	8 886
Transfers and grants	220	361	581	840	-	(259)	144.5%	381.7%	-	-	-	476
Other expenditure	10 344	1 955	12 299	11 226	-	1 074	91.3%	108.5%	-	-	-	7 305
Loss on disposal of PPE	-	-	-	137	-	(137)	#DIV/0!	#DIV/0!	-	-	-	9
Total Expenditure	81 998	945	82 943	69 565	-	13 377	83.9%	84.8%	-	-	-	62 378

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

Description	2022/23								2021/22			
	Original Budget	Budget Adjustments (I.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 MFMA s2 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	(1 896)	753	(1 144)	4 516		(5 660)	-354,8%	-238,1%				388
Transfers recognised - capital	217	-	217	211		6	97,2%	97,2%				-
Contributions recognised - capital	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after capital transfers & contributions	(1 679)	753	(927)	4 727		(5 654)	-510,0%	-281,5%				388
Taxation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after taxation	(1 679)	753	(927)	4 727		(5 654)	-510,0%	-281,5%				388
Attributable to minorities	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) attributable to municipality	(1 679)	753	(927)	4 727		(5 654)	-510,0%	-281,5%				388
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) for the year	(1 679)	753	(927)	4 727		(5 654)	-510,0%	-281,5%				388

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

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, Standard Classification and funding												
Vote Description		2022/23							2021/22			
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	
R thousand												
1	2	3	4	5	6	7	8	9	10	11	12	
Capital expenditure - Vote												
Multi-year expenditure												
-	-	-	-	-	-	-	0%	-	-	-	-	
-	-	-	-	-	-	-	0%	-	-	-	-	
-	-	-	-	-	-	-	0%	-	-	-	-	
-	-	-	-	-	-	-	0%	-	-	-	-	
-	-	-	-	-	-	-	0%	-	-	-	-	
-	-	-	-	-	-	-	0%	-	-	-	-	
-	-	-	-	-	-	-	0%	-	-	-	-	
-	-	-	-	-	-	-	0%	-	-	-	-	
Capital multi-year expenditure												
-	-	-	-	-	-	-	0%	-	-	-	-	
Single-year expenditure												
18	440	458	829	-	(371)	181%	4806%	-	-	-	105	
140	716	856	386	-	470	45%	275%	-	-	-	58	
72	-	72	65	-	7	90%	90%	-	-	-	-	
3	-	3	3	-	0	93%	93%	-	-	-	73	
217	-	217	183	-	34	85%	85%	-	-	-	12	
-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-	
-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-	
450	1 156	1 606	1 466	-	140	91%	326%	-	-	-	249	
450	1 156	1 606	1 466	-	140	91%	326%	-	-	-	249	
Total Capital Expenditure - Vote												

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

Vote Description	2022/23						2021/22					
	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration												
Executive and council	375	1 156	1 531	480	-	1 051	#DIV/0!	#DIV/0!	-	-	-	176
Finance and administration	18	440	458	124	-	334	27%	686%	-	-	-	93
Internal audit	357	716	1 073	356	-	717	33%	100%	-	-	-	71
Community and public safety												
Community and social services	-	-	-	124	-	(121)	#DIV/0!	#DIV/0!	-	-	-	12
Sport and recreation	3	-	3	-	-	-	#DIV/0!	#DIV/0!	-	-	-	73
Public safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Housing	-	-	-	58	-	(58)	#DIV/0!	#DIV/0!	-	-	-	73
Health	3	-	3	65	-	(62)	2179%	2179%	-	-	-	-
Economic and environmental services												
Planning and development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Road transport	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Environmental protection	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Trading services												
Electricity	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Water	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste water management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other	72	-	72	5	-	67	7%	7%	-	-	-	-
Total Capital Expenditure - Standard	450	1 156	1 606	609	-	997	#DIV/0!	#DIV/0!	-	-	-	249
Funded by:												
National Government	217	-	217	55	-	162	25%	25%	-	-	-	-
Provincial Government	-	-	-	58	-	(58)	#DIV/0!	#DIV/0!	-	-	-	73
District Municipality	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Transfers recognised - capital	217	-	217	113	-	104	#DIV/0!	#DIV/0!	-	-	-	73
Public contributions & donations	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Borrowing	-	-	440	-	-	440	0%	#DIV/0!	-	-	-	-
Internally generated funds	233	1 349	949	496	-	453	52%	213%	-	-	-	176
Total Capital Funding	450	1 156	1 606	609	-	997	#DIV/0!	#DIV/0!	-	-	-	249

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description	2022/23							2021/22
	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
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Service charges	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Other revenue	12 452	530	12 982	5 898	7 085	45,4%	47,4%	10 138
Government - operating	67 862	1 168	69 030	63 527	5 503	92,0%	93,6%	58 019
Government - capital	217	-	217	211	6	97,2%	97,2%	119
Interest	1 618	-	1 618	1 165	453	72,0%	72,0%	616
Dividends	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Payments								
Suppliers and employees	(81 524)	(37)	(81 561)	(69 224)	(12 337)	84,9%	84,9%	(45 443)
Finance charges	(157)	(3)	(160)	(66)	(94)	41,1%	41,8%	(68)
Transfers and Grants	(220)	(361)	(581)	(840)	259	144,5%	381,7%	(436)
NET CASH FROM/(USED) OPERATING ACTIVITIES	249	1 297	1 546	672	874	#DIV/0!	#DIV/0!	22 945
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
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!	-
Payments								
Capital assets	(450)	(716)	(1 166)	(405)	(761)	34,8%	90,1%	(616)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(450)	(716)	(1 166)	(405)	(761)	34,8%	90,1%	(616)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Borrowing long term/refinancing	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Increase (decrease) in consumer deposits	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Payments								
Repayment of borrowing	(160)	30	(130)	(110)	(20)	84,7%	81,2%	(119)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(160)	30	(130)	(110)	(20)	84,7%	68,8%	(119)
NET INCREASE/ (DECREASE) IN CASH HELD	(361)	611	250	156				4 334
Cash/cash equivalents at the year begin:	6 531	(361)	6 169	9 145				4 811
Cash/cash equivalents at the year end:	6 169	250	6 419	9 302	(2 883)	2570,9%	104,0%	9 145