



Blouberg Local Municipality  
(Registration number LIM351)  
Annual Financial Statements  
for the year ended 30 June 2024

# Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Legal form of entity</b>	Local Municipality Category B
<b>Nature of business and principal activities</b>	Local Government and the provision of basic services to the local community
<b>Executive committee</b>	
Executive Mayor	Thamaga MN
Speaker	Boloka MP
Chief Whip	Rangata MJ
Members of executive committee	Makobela SR Raseruthe MA Raphasha DS Mosena DD Motswabe LP Keetse PP Tlouamma NM Maifo ML
<b>Councillors</b>	
	Masebe KP Lehong MV Tlhako NB Mashamaite MG Mapunya PW Manaka NA Makhura KH Baloyi HP Motsoko L Mahlape NJ Molokomme MM Mmoko ML Mphago MA Tlepyane S Mokami ME Mathekga MJ Thema NR Magwai RT Pheedi MS Makhura MH Seokotsa MM Moetji NT Mokobodi MM Sehata NA Ntjana MI Lehonye TJ Maripa MS Mailula MS Maribeng MK Dau MP Maphoto MD

# Blouberg Local Municipality

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## General Information

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	Kobola JS Tlabela FP
<b>Grading of local authority</b>	Grade 3
<b>Acting Chief Finance Officer (CFO)</b>	Motupa MJ Riba M
<b>Municipal Manager</b>	Ramothwala RJ
<b>Registered office</b>	2nd Building Dendron Road Senwabarwana 0790
<b>Business address</b>	2nd Building Dendron Road Senwabarwana 0790
<b>Postal address</b>	P.O.Box 1593 Senwabarwana 0790
<b>Bankers</b>	ABSA
<b>Auditors</b>	Auditor- General of South Africa
<b>Audit committee members</b>	Mr. Poopedi MD (Chairperson) Adv. Nevondwe T(Member) Ms. Ngwenya L (Member) Mr. Ramalatso S (Member)
<b>Attorneys</b>	GSM Mohlabi Incorporated Attorneys Kgoroane Shabalala Incorporated Kuaho Attorneys Lebea and Associates Attorneys Lebetha Attorneys & Associates Machaba Incorporated Attorneys Modise Mabule Incorporated Attorneys Tshikovhi Incorporated
<b>Published</b>	To be published 31 January 2025

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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### Abbreviations used:

MFMA	Municipal Finance Management Act
AFS	Annual Financial Statements
AGSA	Auditor General South Africa
CFO	Chief Financial Officer
GRAP	Generally Recognised Accounting Practice
FMCMM	Financial Management Capability Maturity Model
FMG	Financial Management Grants
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers (previously IMFO)
IPSAS	International Public Sector Accounting Standards
IDP	Integrated Development Plan
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
LED	Local Economic Development
CDM	Capricorn District Municipality
WIP	Work In Progress
COIDA	Compensation for Occupational Injuries and Diseases Act
IFRS	International Financial Reporting Standards
MISA	Municipal Infrastructure Support Agent
MM	Municipal Manager
NT	National Treasury
LPT	Limpopo Provincial Treasury
SDBIP	Service Delivery Budget and Implementation Plan
mSCOA	Municipal Standard Chart of Accounts
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs
NSF	National Skills Fund
SALBC	South African Local Government Bargaining Council

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WSP	Water Service Provider
INEP	Integrated National Electrification Programme Grant
EPWP	Expanded Public Works Programme
SETAS	Sector Education and Training Authority
EEDSM	Energy Efficiency Demand Side Management
EEDMG	Energy Efficiency and Demand-side Management Grant
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy

# Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the government funding for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by 31 August 2024 and were signed on its behalf by:

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**Ramothwala RJ**  
**Municipal Manager**

**Date:** \_\_\_\_\_

# Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	10	4,618,097	5,661,497
Receivables from exchange transactions	11	4,776,734	5,119,998
Receivables from non-exchange transactions	12	55,202,096	15,635,272
VAT receivable	13	-	2,358,739
Consumer debtors	14	9,824,693	12,768,748
Cash and cash equivalents	15	186,024,595	101,842,674
		<b>260,446,215</b>	<b>143,386,928</b>
<b>Non-Current Assets</b>			
Investment property	3	9,916,000	9,433,600
Property, plant and equipment	4	1,111,735,695	1,062,002,550
Intangible assets	5	108,885	174,803
Other financial assets	6	11,399,735	4,864,604
		<b>1,133,160,315</b>	<b>1,076,475,557</b>
<b>Total Assets</b>		<b>1,393,606,530</b>	<b>1,219,862,485</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	16	6,537,705	9,322,788
Payables from exchange transactions	7	93,878,197	68,547,240
VAT payable	8	6,733,927	5,361,772
Employee benefit obligation	9	1,399,000	1,064,000
Unspent conditional grants and receipts	17	59,646,503	20,158,139
Provisions	18	455,407	2,200,906
		<b>168,650,739</b>	<b>106,654,845</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	16	2,768,429	4,864,257
Employee benefit obligation	9	6,739,000	6,654,000
Provisions	18	16,860,685	22,339,560
		<b>26,368,114</b>	<b>33,857,817</b>
<b>Total Liabilities</b>		<b>195,018,853</b>	<b>140,512,662</b>
<b>Net Assets</b>		<b>1,198,587,677</b>	<b>1,079,349,823</b>
Accumulated surplus		1,198,587,677	1,079,349,823
<b>Total Net Assets</b>		<b>1,198,587,677</b>	<b>1,079,349,823</b>

\* See Note 42



# Blouberg Local Municipality

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## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	37,518,573	33,866,035
Rental of facilities and equipment	21	604,906	461,443
Licences and permits		3,997,903	4,166,391
Electricity illegal connections		5,880	43,524
CDM - Commissions received		250,126	259,654
Landfill site provision reversal		8,218,745	-
Cemetery, Burial and Plans approval fees		201,154	231,794
Valuation Services		3,167	2,722
Interest charged on outstanding debtors		1,065,528	806,882
Sale of Inventory - Sites/Land		8,476,924	5,683,006
Cattle Grazing		383,248	108,985
Interest received - investment	23	7,720,660	4,112,364
Gain on disposal of assets and liabilities		181,278	-
Fair value adjustments	3	482,400	483,099
<b>Total revenue from exchange transactions</b>		<b>69,110,492</b>	<b>50,225,899</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	68,960,737	25,228,987
Interest charges on overdue account	24	1,396,171	1,266,424
<b>Transfer revenue</b>			
Government grants & subsidies	25	336,832,636	337,919,177
Donated assets	26	-	6,107,929
Fines	22	1,133,750	1,154,400
Unclaimed money		-	1,758,495
Actuarial gains		-	1,200,433
<b>Total revenue from non-exchange transactions</b>		<b>408,323,294</b>	<b>374,635,845</b>
<b>Total revenue</b>	19	<b>477,433,786</b>	<b>424,861,744</b>
<b>Expenditure</b>			
Employee related costs	27	(132,413,802)	(125,450,428)
Remuneration of councillors	28	(19,212,717)	(17,982,273)
Depreciation and amortisation	29	(33,819,528)	(31,026,520)
Impairment loss	30	(143,588)	(5,390,169)
Finance costs	31	(6,061,142)	(4,440,458)
Debt Impairment	33	9,130,958	(54,121,084)
Bad debts written off		(73,367)	-
Bulk purchases	35	(58,974,105)	(52,983,493)
Contracted services	36	(36,824,707)	(49,975,911)
Loss on disposal of assets and liabilities		-	(260,520)
Actuarial losses		(28,871)	-
General Expenses	34	(79,775,063)	(64,450,588)
<b>Total expenditure</b>		<b>(358,195,932)</b>	<b>(406,081,444)</b>
<b>Surplus for the year</b>		<b>119,237,854</b>	<b>18,780,300</b>

\* See Note 42

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## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1,059,619,509	1,059,619,509
Adjustments		
Prior year adjustments 42	950,014	950,014
<b>Balance at 01 July 2022 as restated*</b>	<b>1,060,569,523</b>	<b>1,060,569,523</b>
Changes in net assets		
Surplus for the year	18,780,300	18,780,300
Total changes	18,780,300	18,780,300
Opening balance as previously reported	1,082,169,319	1,082,169,319
Adjustments		
Prior year adjustments 42	(2,819,496)	(2,819,496)
<b>Restated* Balance at 01 July 2023 as restated*</b>	<b>1,079,349,823</b>	<b>1,079,349,823</b>
Changes in net assets		
Surplus for the year	119,237,854	119,237,854
Total changes	119,237,854	119,237,854
<b>Balance at 30 June 2024</b>	<b>1,198,587,677</b>	<b>1,198,587,677</b>
Note(s)		

\* See Note 42

# Blouberg Local Municipality

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## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from rate payers and other		100,580,505	72,254,816
Grants		376,321,000	333,762,001
Interest income		7,720,660	4,112,364
		<u>484,622,165</u>	<u>410,129,181</u>
<b>Payments</b>			
Employee costs		(151,626,519)	(143,432,701)
Suppliers		(148,991,027)	(144,238,442)
Finance costs		(5,227,877)	(4,440,468)
		<u>(305,845,423)</u>	<u>(292,111,611)</u>
<b>Net cash flows from operating activities</b>	37	<b><u>178,776,742</u></b>	<b><u>118,017,570</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(84,738,648)	(100,159,896)
Proceeds from sale of property, plant and equipment	4	1,559,869	-
Proceeds from sale of financial assets		(6,535,131)	(226,631)
<b>Net cash flows from investing activities</b>		<b><u>(89,713,910)</u></b>	<b><u>(100,386,527)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(4,880,911)	(622,920)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>84,181,921</u></b>	<b><u>17,008,123</u></b>
Cash and cash equivalents at the beginning of the year		101,842,674	84,834,551
<b>Cash and cash equivalents at the end of the year</b>	15	<b><u>186,024,595</u></b>	<b><u>101,842,674</u></b>

The accounting policies on pages 16 to 38 and the notes on pages 39 to 78 form an integral part of the annual financial statements.

\* See Note 42

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## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	60,971,356	(8,606,470)	<b>52,364,886</b>	37,518,573	<b>(14,846,313)</b>	Refer to note 54 (1)
Rental of facilities and equipment	350,000	389,802	<b>739,802</b>	604,906	<b>(134,896)</b>	
Licences and permits	1,109,803	3,890,197	<b>5,000,000</b>	3,997,903	<b>(1,002,097)</b>	
Landfill site provision reversal	-	-	-	8,218,745	<b>8,218,745</b>	
Agency services	300,000	-	<b>300,000</b>	201,154	<b>(98,846)</b>	Refer to note 54 (2)
Interest earned - outstanding debtors	456,901	500,000	<b>956,901</b>	1,065,528	<b>108,627</b>	Refer to note 54 (3)
Other income	8,938,655	1,920,000	<b>10,858,655</b>	9,119,345	<b>(1,739,310)</b>	Refer to note 54 (4)
Interest received - investment	3,206,212	3,000,000	<b>6,206,212</b>	7,720,660	<b>1,514,448</b>	
<b>Total revenue from exchange transactions</b>	<b>75,332,927</b>	<b>1,093,529</b>	<b>76,426,456</b>	<b>68,446,814</b>	<b>(7,979,642)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	32,970,836	-	<b>32,970,836</b>	68,960,737	<b>35,989,901</b>	Refer to note 54 (6)
Property rates - penalties imposed	288,023	900,000	<b>1,188,023</b>	1,396,171	<b>208,148</b>	Refer to note 54 (7)
Licences and Permits (Non-exchange)	5,000,000	(5,000,000)	-	-	-	
<b>Transfer revenue</b>						
Government grants & subsidies	322,952,000	73,391,966	<b>396,343,966</b>	336,832,636	<b>(59,511,330)</b>	Refer to note 54 (8)
Fines, Penalties and Forfeits	2,021,540	(100,000)	<b>1,921,540</b>	1,133,750	<b>(787,790)</b>	
<b>Total revenue from non-exchange transactions</b>	<b>363,232,399</b>	<b>69,191,966</b>	<b>432,424,365</b>	<b>408,323,294</b>	<b>(24,101,071)</b>	
<b>Total revenue</b>	<b>438,565,326</b>	<b>70,285,495</b>	<b>508,850,821</b>	<b>476,770,108</b>	<b>(32,080,713)</b>	
<b>Expenditure</b>						
Personnel	(135,978,991)	(345,000)	<b>(136,323,991)</b>	(132,413,802)	<b>3,910,189</b>	Refer to note 54 (10)
Remuneration of councillors	(20,752,503)	-	<b>(20,752,503)</b>	(19,212,717)	<b>1,539,786</b>	Refer to note 54 (11)
Depreciation and amortisation	(37,667,907)	365,000	<b>(37,302,907)</b>	(33,819,528)	<b>3,483,379</b>	Refer to note 54 (12)
Impairment loss/ Reversal of impairments	-	-	-	(143,588)	<b>(143,588)</b>	
Finance costs	-	-	-	(6,061,142)	<b>(6,061,142)</b>	Refer to note 54 (13)
Debt Impairment	(5,769,623)	-	<b>(5,769,623)</b>	9,130,958	<b>14,900,581</b>	Refer to note 54 (14)

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## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Bad debts written off	-	-	-	(73,367)	<b>(73,367)</b>	
Bulk purchases	(60,000,000)	-	<b>(60,000,000)</b>	(58,974,105)	<b>1,025,895</b>	Refer to note 54 (15)
Contracted Services	(59,971,051)	1,514,025	<b>(58,457,026)</b>	(36,824,707)	<b>21,632,319</b>	Refer to note 54 (16)
Inventory consumed	(5,854,960)	788,880	<b>(5,066,080)</b>	-	<b>5,066,080</b>	
General Expenses	(63,077,218)	(4,602,180)	<b>(67,679,398)</b>	(79,775,063)	<b>(12,095,665)</b>	Refer to note 54 (17)
<b>Total expenditure</b>	<b>(389,072,253)</b>	<b>(2,279,275)</b>	<b>(391,351,528)</b>	<b>(358,167,061)</b>	<b>33,184,467</b>	
<b>Operating surplus</b>	<b>49,493,073</b>	<b>68,006,220</b>	<b>117,499,293</b>	<b>118,603,047</b>	<b>1,103,754</b>	
Gain on disposal of assets and liabilities	-	2,000,000	<b>2,000,000</b>	181,278	<b>(1,818,722)</b>	
Fair value adjustments	-	-	-	482,400	<b>482,400</b>	
Actuarial gains/losses	-	-	-	(28,871)	<b>(28,871)</b>	
	-	<b>2,000,000</b>	<b>2,000,000</b>	<b>634,807</b>	<b>(1,365,193)</b>	
<b>Surplus before taxation</b>	<b>49,493,073</b>	<b>70,006,220</b>	<b>119,499,293</b>	<b>119,237,854</b>	<b>(261,439)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>49,493,073</b>	<b>70,006,220</b>	<b>119,499,293</b>	<b>119,237,854</b>	<b>(261,439)</b>	

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## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	5,900,710	(239,211)	<b>5,661,499</b>	4,618,097	<b>(1,043,402)</b>	Refer to note 54 (18)
Receivables from exchange transactions	10,000,000	-	<b>10,000,000</b>	4,776,734	<b>(5,223,266)</b>	
Receivables from non-exchange transactions	941,847,183	(897,459,797)	<b>44,387,386</b>	55,202,096	<b>10,814,710</b>	
VAT receivable	16,361,432	5,329,769	<b>21,691,201</b>	-	<b>(21,691,201)</b>	
Consumer debtors	11,870,570	500,000	<b>12,370,570</b>	9,824,693	<b>(2,545,877)</b>	
Cash and cash equivalents	92,096,784	21,483,147	<b>113,579,931</b>	186,024,595	<b>72,444,664</b>	
	<b>1,078,076,679</b>	<b>(870,386,092)</b>	<b>207,690,587</b>	<b>260,446,215</b>	<b>52,755,628</b>	
<b>Non-Current Assets</b>						
Investment property	8,950,501	566,016	<b>9,516,517</b>	9,916,000	<b>399,483</b>	
Property, plant and equipment	150,697,248	986,229,639	<b>1,136,926,887</b>	1,111,735,695	<b>(25,191,192)</b>	Refer to note 54 (19)
Intangible assets	-	185,291	<b>185,291</b>	108,885	<b>(76,406)</b>	
Other financial assets	-	9,053,553	<b>9,053,553</b>	11,399,735	<b>2,346,182</b>	Refer to note 54 (20)
	<b>159,647,749</b>	<b>996,034,499</b>	<b>1,155,682,248</b>	<b>1,133,160,315</b>	<b>(22,521,933)</b>	
<b>Total Assets</b>	<b>1,237,724,428</b>	<b>125,648,407</b>	<b>1,363,372,835</b>	<b>1,393,606,530</b>	<b>30,233,695</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	7,000,000	-	<b>7,000,000</b>	6,537,705	<b>(462,295)</b>	Refer to note 54 (21)
Payables from exchange transactions	37,171,349	6,229,348	<b>43,400,697</b>	93,878,197	<b>50,477,500</b>	
VAT payable	5,000,000	17,178,753	<b>22,178,753</b>	6,733,927	<b>(15,444,826)</b>	
Employee benefit obligation	2,000,000	-	<b>2,000,000</b>	1,399,000	<b>(601,000)</b>	
Unspent conditional grants and receipts	10,000,000	(4,664,606)	<b>5,335,394</b>	59,646,503	<b>54,311,109</b>	Refer to note 54 (22)
Provisions	600,000	-	<b>600,000</b>	455,407	<b>(144,593)</b>	
	<b>61,771,349</b>	<b>18,743,495</b>	<b>80,514,844</b>	<b>168,650,739</b>	<b>88,135,895</b>	
<b>Non-Current Liabilities</b>						
Finance lease obligation	-	14,187,046	<b>14,187,046</b>	2,768,429	<b>(11,418,617)</b>	
Employee benefit obligation	8,500,000	-	<b>8,500,000</b>	6,739,000	<b>(1,761,000)</b>	
Provisions	18,037,377	6,608,787	<b>24,646,164</b>	16,860,685	<b>(7,785,479)</b>	
	<b>26,537,377</b>	<b>20,795,833</b>	<b>47,333,210</b>	<b>26,368,114</b>	<b>(20,965,096)</b>	
<b>Total Liabilities</b>	<b>88,308,726</b>	<b>39,539,328</b>	<b>127,848,054</b>	<b>195,018,853</b>	<b>67,170,799</b>	
<b>Net Assets</b>	<b>1,149,415,702</b>	<b>86,109,079</b>	<b>1,235,524,781</b>	<b>1,198,587,677</b>	<b>(36,937,104)</b>	

## Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended 30 June 2024

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	1,149,415,702	86,109,079	<b>1,235,524,781</b>	1,198,587,677	<b>(36,937,104)</b>	

# Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Cash receipts from rate payers and other	108,204,288	(6,469,469)	<b>101,734,819</b>	100,580,505	<b>(1,154,314)</b>
Interest income	3,206,212	1,500,000	<b>4,706,212</b>	7,720,660	<b>3,014,448</b>
Grants	322,952,000	63,391,965	<b>386,343,965</b>	376,321,000	<b>(10,022,965)</b>
	<b>434,362,500</b>	<b>58,422,496</b>	<b>492,784,996</b>	<b>484,622,165</b>	<b>(8,162,831)</b>

##### Payments

Employee costs and suppliers	(345,634,723)	6,934,845	<b>(338,699,878)</b>	(300,617,546)	<b>38,082,332</b>
Finance costs	-	-	-	(5,227,877)	<b>(5,227,877)</b>
	<b>(345,634,723)</b>	<b>6,934,845</b>	<b>(338,699,878)</b>	<b>(305,845,423)</b>	<b>32,854,455</b>

<b>Net cash flows from operating activities</b>	<b>88,727,777</b>	<b>65,357,341</b>	<b>154,085,118</b>	<b>178,776,742</b>	<b>24,691,624</b>
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(86,892,000)	(70,436,342)	<b>(157,328,342)</b>	(84,738,648)	<b>72,589,694</b>
Proceeds from sale of property, plant and equipment	-	2,000,000	<b>2,000,000</b>	1,559,869	<b>(440,131)</b>
Purchase of financial assets	-	-	-	(6,535,131)	<b>(6,535,131)</b>
Movement in other financial assets	-	9,053,553	<b>9,053,553</b>	(4,880,911)	<b>(13,934,464)</b>

<b>Net cash flows from investing activities</b>	<b>(86,892,000)</b>	<b>(59,382,789)</b>	<b>(146,274,789)</b>	<b>(94,594,821)</b>	<b>51,679,968</b>
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Net increase/(decrease) in cash and cash equivalents	1,835,777	5,974,552	<b>7,810,329</b>	84,181,921	<b>76,371,592</b>
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Cash and cash equivalents at the beginning of the year	90,261,007	12,352,228	<b>102,613,235</b>	101,842,674	<b>(770,561)</b>
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<b>Cash and cash equivalents at the end of the year</b>	<b>92,096,784</b>	<b>18,326,780</b>	<b>110,423,564</b>	<b>186,024,595</b>	<b>75,601,031</b>
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# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

Figures in Rand	Note(s)	2024	2023
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### 1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

#### 1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.3 Going concern assumption

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

#### 1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### 1.5 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

#### Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

# Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

#### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the assets in use. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Post-retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 9.

#### Receivables /Investments and/or loans

The municipality assesses its trade receivables, investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgements has to be made as to whether there were observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured at the reporting date taking into account the different classes of debtors and the history of payment success of debtors.

### 1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

# Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.6 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

### 1.7 Property, plant and equipment

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

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

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

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.7 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	5-55
Infrastructure	Straight-line	5-65
Plant and machinery	Straight-line	5-20
Furniture and fixtures	Straight-line	5-19
Motor vehicles	Straight-line	5-25
Office equipment	Straight-line	5-13
IT equipment	Straight-line	5-19
Roads and paving	Straight-line	5-55
Concrete	Straight-line	5-85
Electricity	Straight-line	5 - 55
Recreational facilities	Straight-line	5 - 55
Security	Straight-line	5 - 55
Halls	Straight-line	5 - 55
Libraries	Straight-line	5 - 55
Parks and gardens	Straight-line	5 - 55
Other assets	Straight-line	5 - 55
Other property, plant and equipment	Straight-line	5 - 55
Specialist vehicles	Straight-line	5 - 55
Bins and Containers	Straight-line	10 - 20
Specialised past and equipment	Straight-line	5 - 10
Other items of plant and equipment	Straight-line	5 - 15
Leased assets	Straight-line	3 - 5
Emergency equipment	Straight-line	5 - 10
Paintings and artifacts	Straight-line	5 - 50

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

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

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

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

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Internally generated goodwill is not recognised as an intangible asset.

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

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Item	Depreciation method	Average useful life
Computer software	Straight-line	5-8 years

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Intangible assets are derecognised:

- on disposal; or
  - when no future economic benefits or service potential are expected from its use or disposal.
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# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.8 Intangible assets (continued)

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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

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

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

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

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

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

# Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Exchange - Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
Non-exchange - Consumer receivables: property rates	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost

### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.



# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

### Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### 1.10 Statutory receivables

#### Identification

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

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

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### 1.10 Statutory receivables (continued)

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

#### Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### Other charges

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

#### Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

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### 1.10 Statutory receivables (continued)

- 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.

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

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

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

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

### Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

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

### 1.11 Leases

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

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

#### Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

Any contingent rents are expensed in the period in which they are incurred.

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### 1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

### 1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

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### 1.14 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

### 1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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### 1.15 Provisions and contingencies (continued)

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

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### 1.15 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

#### Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Sale of goods

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

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

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### 1.17 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.



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### 1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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### 1.18 Revenue from non-exchange transactions (continued)

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

#### Transfers

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

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

#### Grants

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

#### Gifts and donations, including goods in-kind

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

#### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

The municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise 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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### 1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.21 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from 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).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

# Blouberg Local Municipality

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## Accounting Policies

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### 1.21 Accounting by principals and agents (continued)

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of the items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the classification 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 the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

### 1.24 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

### 1.25 Irregular expenditure

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

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

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## Accounting Policies

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### 1.25 Irregular expenditure (continued)

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

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

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

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

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.26 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### Measurement

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

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### 1.27 Budget information

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

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## Accounting Policies

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### 1.27 Budget information (continued)

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

### 1.28 Related parties

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

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

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

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

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

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

### 1.29 Events after reporting date

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

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

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## Accounting Policies

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### 1.29 Events after reporting date (continued)

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

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

### 1.30 Value Added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with Section 15(2) of the VAT Act (Act 89 of 1991). VAT is accounted for on accrual basis in the financial records.

VAT output refers to tax charged by municipality and the entities on a taxable supply and is declared in the Part A of the VAT 201 return. Input tax and other deductions are deducted from the output tax liability to arrive at the net VAT payable (or refundable) for any particular tax period.

The net amount of VAT recoverable from or payable to the taxation authority is reported separate from other receivables or payables in the statement of financial position.

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 103 (as revised): Heritage Assets</li><li>Guideline: Guideline on the Application of Materiality to Financial Statements</li><li>GRAP 104 (as revised): Financial Instruments</li></ul>	<ul style="list-style-type: none"><li>01 April 2025</li><li></li><li>01 April 2025</li></ul>	<ul style="list-style-type: none"><li>Unlikely there will be a material impact</li><li>Impact is currently being assessed</li></ul>



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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9,916,000	-	9,916,000	9,433,600	-	9,433,600

#### Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	9,433,600	482,400	9,916,000

#### Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	8,950,501	483,099	9,433,600

#### Pledged as security

The municipality does not have any investment property that is pledged as security.

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

The effective date of the revaluations was Friday, 30 June 2023. Revaluations were performed by an independent valuer, Mod Hope Properties by Modiba Kholofelo, registered as a Professional Associated Valuer in terms of the Property Valuer's Professional Act, 2000 (Act No 47 of 2000). Mod Hope Properties are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

These assumptions are based on current market conditions.

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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2023

### 4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8,026,575	-	8,026,575	7,756,290	-	7,756,290
Buildings	40,571,293	(28,643,398)	11,927,895	40,571,293	(27,016,100)	13,555,193
Infrastructure	1,198,550,310	(473,747,178)	724,803,132	1,127,004,177	(454,084,261)	672,919,916
Community Assets	245,492,448	(81,418,855)	164,073,593	239,666,718	(73,717,245)	165,949,473
Other Assets	63,309,713	(24,441,666)	38,868,047	70,391,706	(27,333,665)	43,058,041
WIP - Community Assets	35,992,414	-	35,992,414	39,495,191	-	39,495,191
WIP - Infrastructure	128,044,039	-	128,044,039	119,268,446	-	119,268,446
<b>Total</b>	<b>1,719,986,792</b>	<b>(608,251,097)</b>	<b>1,111,735,695</b>	<b>1,644,153,821</b>	<b>(582,151,271)</b>	<b>1,062,002,550</b>

### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	7,756,290	-	-	270,285	-	-	8,026,575
Buildings	13,555,193	-	-	-	(1,627,298)	-	11,927,895
Infrastructure	672,919,916	837,891	(858,117)	72,545,881	(20,642,441)	-	724,803,132
Community Assets	165,949,473	-	-	5,825,730	(7,701,610)	-	164,073,593
Other Assets	43,058,041	256,329	(520,474)	-	(3,782,260)	(143,588)	38,868,047
WIP - Community Assets	39,495,191	2,322,953	-	(5,825,730)	-	-	35,992,414
WIP - Infrastructure	119,268,446	81,321,475	-	(72,545,881)	-	-	128,044,039
	<b>1,062,002,550</b>	<b>84,738,648</b>	<b>(1,378,591)</b>	<b>270,285</b>	<b>(33,753,609)</b>	<b>(143,588)</b>	<b>1,111,735,695</b>

### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	7,756,290	-	-	-	-	7,756,290
Buildings	15,178,045	-	-	(1,622,852)	-	13,555,193
Infrastructure	644,168,673	217,090	48,393,541	(19,662,830)	(196,558)	672,919,916
Community Assets	126,660,555	-	46,761,662	(6,410,272)	(1,062,472)	165,949,473
Other Assets	29,001,529	20,450,164	-	(3,523,170)	(4,131,138)	43,058,041
WIP - Community assets	73,543,448	12,713,405	(46,761,662)	-	-	39,495,191
WIP - Infrastructure	80,739,170	86,922,817	(48,393,541)	-	-	119,268,446
	<b>977,047,710</b>	<b>120,303,476</b>	<b>-</b>	<b>(31,219,124)</b>	<b>(5,390,168)</b>	<b>1,062,002,550</b>

### Pledged as security

The municipality does not have any property, plant and equipment that is pledged as security.

### Expenditure incurred to repair and maintain property, plant and equipment

### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses	10,065,162	2,671,178
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### Delayed projects

There were no delayed projects in current financial year.

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Figures in Rand	2024	2023
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### 4. Property, plant and equipment (continued)

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

### 5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	750,685	(641,800)	108,885	750,685	(575,882)	174,803

#### Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	174,803	(65,918)	108,885

#### Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	240,698	(65,895)	174,803

### Pledged as security

The municipality does not have any intangible assets that is pledged as security.

### 6. Other financial assets

#### At amortised cost

ABSA Bank -20-7075-0019	3,469,626	3,209,553
ABSA Bank -93-6800-0389	7,930,109	1,655,051
	<b>11,399,735</b>	<b>4,864,604</b>

#### Non-current assets

At amortised cost	11,399,735	4,864,604
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The Municipality has a long term investment in an ABSA fixed deposit as Eskom Guarantee to an amount of R3,466,682 in capital. The balances is R3,466,682 (2023: R3,209,553) as at 30 June 2024. The difference from the capital amount is due to accrued interest at the end of each financial period. The municipality does not have access to the account, only receives interest on investment. During the year an amount of R261,317 (2023: R159,889.98) interest was earned from the investment.

#### Eskom Guarantee

The Municipality has an investment in ABSA fixed deposit as Eskom Guarantee to an amount of R7,930,109 (2023: R1,655,051) in capital. The municipality open an addintional Eskom Guarantee to an amount of R5,844,000 during the 2024 financial year for Witten. The municipality does not have access to the account, only receives interest on investment. During the year and amount of R431,058.76 (2023: R230,203.06) interest was earned from the investment and capitalized.

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>7. Payables from exchange transactions</b>		
Trade payables	31,291,593	17,408,108
Payments received in advanced	7,368,938	7,885,191
Retentions	21,878,517	18,859,224
13th cheque provision	2,591,202	2,346,110
Accrued leave pay	12,082,806	11,926,313
Prepaid electricity accrual	1,281,761	210,548
Sale of stands deposits	9,100,635	3,567,521
Other Creditors	418,115	146,745
Unallocated deposits	7,864,630	6,197,480
	<b>93,878,197</b>	<b>68,547,240</b>

### Sale of sites

Included in payables from exchange transactions is the amount of R9,100,635 (2023: R3,567,521) relating to monies paid by customers for the sale of stands. Once ownership has been transferred to customers, a reallocation will be made from payables to sale of stands in the statement of financial performance thereby realising the revenue from sale of stands.

### Accrued for leave

Provision is made for employees who are having leave credit at the end of the financial period and is provided up to 48 days in terms of SALBC agreement. The leave provision is calculated by taking the total basic salary divide by number of working days per year multiply by the number of days unused/remaining.

### Unallocated deposits

This relate to monies received from individuals and companies with either incorrect reference numbers or without references which cannot be allocated when identified as received for less than three years. This relates to monies both received in current year and prior years, the municipality policy is to recognise the monies received unallocated as revenue when it is not claimed for more than a period of three years. All those monies which have been received for more than three years, an advert in the local newspaper is done to allow those who deposited monies in the municipality account to come forward and provide supporting documentations so that the municipality can allocate funds for a reasonable period of time. Failure of individuals to provide evidence will result in the municipality recognising the monies as revenue.

## 8. VAT payable

Tax refunds payables	6,733,927	5,361,772
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## 9. Employee benefit obligations

### Defined benefit plan

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of fund obligation	(7,718,000)	(8,260,000)
Current service costs	(578,000)	(492,000)
Interests costs	(786,000)	(772,000)
Benefits paid	972,871	605,567
Acturial (gains)/lossess	28,871	1,200,433
	<b>(8,138,000)</b>	<b>(7,718,000)</b>
Current assets	-	-
Non-current liabilities	(6,739,000)	(6,654,000)
Current liabilities	(1,399,000)	(1,064,000)
	<b>(8,138,000)</b>	<b>(7,718,000)</b>

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 9. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

#### Rate of interest

Discount rate	10.68 %	10.92 %
Consumer price inflation	4.91 %	6.39 %
General earnings inflation rate	5.91 %	6.39 %
Net effective discount rate	4.51 %	4.26 %

#### Provision for long - service awards

The employees of Blouberg Municipality qualifies for the following long service award additional leave for various periods of uninterrupted service:

- 10 years uninterrupted service: 10 working day's leave
- 15 years uninterrupted service: 20 working day's leave
- 20 years uninterrupted service: 30 working day's leave
- 25 years uninterrupted service: 30 working day's leave
- 30 years uninterrupted service: 30 working day's leave
- 35 years uninterrupted service: 35 working day's leave
- 40 years uninterrupted service: 30 working day's leave
- 45 years uninterrupted service: 30 working day's leave

The Long Service Awards are defined benefits plans. As at year end 30 June 2024 191 (2023: 180) employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability as at 30 June 2024 is estimated at R8 138 000 (2023: R7 718 000). The current cost for the year ending 30 June 2024 is estimated at R578 000 (2023: R492 000).

The actual expense cost for the year ending 30 June 2023, and the net change in the accrued obligation over the financial year ending 30 June 2023 are determined as follows:

#### Net change in the accrued obligation

Current service cost	578,000	492,000
Current interest cost	786,000	772,000
Actuarial (gain)/loss	28,871	(1,200,433)
Net expense recognised in income statement	1,392,871	63,567
Actual benefit payments	(972,871)	(605,567)
<b>Net change in the accrued liability over the financial year ending</b>	<b>420,000</b>	<b>(542,000)</b>

### 10. Inventories

Inventory sites	3,510,167	3,981,555
Consumable stores	1,107,930	1,679,942
	<b>4,618,097</b>	<b>5,661,497</b>

Inventories recognised as an expense during the year	3,439,546	3,569,119
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#### Inventory pledged as security

The municipality does not have any inventory that is pledged as security.

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>11. Receivables from exchange transactions</b>		
Prepaid electricity Accrued	776,059	746,770
Other Receivables	-	1,041,525
Accrued VAT (Statutory receivable)	4,000,675	3,331,703
	<b>4,776,734</b>	<b>5,119,998</b>
<b>12. Receivables from non-exchange transactions</b>		
<b>Gross balances</b>		
Traffic fines	8,053,302	7,342,879
Other receivables - Senior Managers	211,143	211,143
Other receivables from non-exchange transactions	1,715,853	1,715,853
Rates	97,474,098	76,705,456
	<b>107,454,396</b>	<b>85,975,331</b>
<b>Less: Allowance for impairment</b>		
Traffic fines	(6,919,552)	(6,193,009)
Other receivables from non-exchange transactions	(1,715,853)	(1,715,853)
Rates	(43,616,895)	(62,431,197)
	<b>(52,252,300)</b>	<b>(70,340,059)</b>
<b>Net balance</b>		
Traffic Fines	1,133,770	1,149,870
Other receivable- Senior Managers	211,143	211,143
Consumer debtors - Rates	53,857,183	14,274,259
	<b>55,202,096</b>	<b>15,635,272</b>
Non-current assets	-	-
Current assets	55,202,096	15,635,272
	<b>55,202,096</b>	<b>15,635,272</b>
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Fines	1,133,770	1,149,870
Rates	53,857,183	14,274,259
	<b>54,990,953</b>	<b>15,424,129</b>
<b>Financial asset receivables included in receivables from non-exchange transactions above</b>	<b>211,143</b>	<b>211,143</b>
<b>Total receivables from non-exchange transactions</b>	<b>55,202,096</b>	<b>15,635,272</b>

### Receivables from non-exchange transactions

The ageing of these receivables is as follows:

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 12. Receivables from non-exchange transactions (continued)

#### Rates

Current	879,663	-
31-60 days	1,261,945	1,047,537
61-90 days	535,387	741,207
91-120 days	595,338	357,215
121-365 days	49,191,545	12,045,876
>365 days	45,009,612	62,513,621
	<b>97,473,490</b>	<b>76,705,456</b>

#### Traffic fines

Current	117,800	253,600
31-60 days	157,000	77,100
61-90 days	128,050	133,800
91-120 days	142,400	133,200
121-365 days	839,100	723,800
>365 days	6,668,952	6,021,379
	<b>8,053,302</b>	<b>7,342,879</b>

### Receivables from non-exchange transactions impaired

Included in the Traffic fines receivables there is a provision for impairment of R6 919 552 (2023: R6 193 009). Included also is a debt write off of R- ( 2023: R-).

Included in the property rates receivable there is a provision for impairment of R43 705 700 (2023: R62 431 197). Included also is a debt write off of R- ( 2023: R-).

### Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(70,340,059)	(23,015,012)
Provision for impairment	18,087,759	(47,325,047)
	<b>(52,252,300)</b>	<b>(70,340,059)</b>

### 13. VAT receivable

VAT (Statutory receivable)	-	2,358,739
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These amounts are receivable by the group as a result of transaction attracting value added tax (VAT) as legislated under the Value Added Tax Act 89 of 1991 from the South African Revenue Services.

No impairments against the Vat receivables.

### 14. Consumer debtors

#### Gross balances

Electricity	26,862,378	23,534,948
Refuse	7,750,511	6,111,631
VAT on Services	5,076,146	4,368,821
Sundries	3,063,547	2,748,785
	<b>42,752,582</b>	<b>36,764,185</b>

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>14. Consumer debtors (continued)</b>		
<b>Less: Allowance for impairment</b>		
Electricity	(21,404,902)	(17,355,009)
Refuse	(7,844,786)	(4,279,393)
Sundries	(3,678,201)	(2,361,035)
	<b>(32,927,889)</b>	<b>(23,995,437)</b>
<b>Net balance</b>		
Electricity	5,457,476	6,179,939
Refuse	(94,275)	1,832,238
VAT on Services	5,076,146	4,368,821
Sundries	(614,654)	387,750
	<b>9,824,693</b>	<b>12,768,748</b>
<b>Electricity</b>		
Current (0 -30 days)	805,863	1,567,954
31 - 60 days	1,391,657	645,677
61 - 90 days	660,079	1,189,983
91 - 120 days	506,850	489,480
121 - 365 days	3,886,349	3,510,233
> 365 days	20,002,184	16,131,621
	<b>27,252,982</b>	<b>23,534,948</b>
<b>Refuse</b>		
Current (0 -30 days)	191,344	177,584
31 - 60 days	411,413	333,334
61 - 90 days	172,890	163,578
91 - 120 days	170,058	160,544
121 - 365 days	1,306,160	1,204,051
> 365 days	5,498,647	4,072,540
	<b>7,750,512</b>	<b>6,111,631</b>
<b>Sundries</b>		
Current (0 -30 days)	30,881	58,488
31 - 60 days	277,363	28,793
61 - 90 days	30,177	28,684
91 - 120 days	30,095	28,607
121 - 365 days	235,906	199,292
> 365 days	2,459,125	2,404,134
	<b>3,063,547</b>	<b>2,747,998</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(23,995,437)	(17,200,122)
Debt impairment	(8,932,452)	(6,795,315)
	<b>(32,927,889)</b>	<b>(23,995,437)</b>



# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	660	660
Short-term deposits	5,699,780	5,214,870
Bank balances	180,324,155	96,627,144
	<b>186,024,595</b>	<b>101,842,674</b>

### Cash and cash equivalents pledged as collateral

No cash and cash equivalents are held as collateral.

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA BANK - Current Account - 11 5016 9476	180,324,155	96,627,144	78,848,458	180,324,155	96,627,144	78,848,458
ABSA BANK - Short-term investment Account - 93 540 119 04	5,699,780	5,214,870	5,985,432	5,699,780	5,214,870	5,985,432
<b>Total</b>	<b>186,023,935</b>	<b>101,842,014</b>	<b>84,833,890</b>	<b>186,023,935</b>	<b>101,842,014</b>	<b>84,833,890</b>

### NEDBANK ACCOUNT -037-8811-376-14

During the current year the municipality invested in Nedbank fixed deposit account number 037-8811- 376-14 which earned interest totalling R2,629,041. The investment of R50,000,000 was invested from 15 August 2023 to 16 October 2023 which earned the municipality a interest of R 1 224 373. Re-invest R80,000,000 from 16 october 2023 to 17 November 2023 which earned interest of R 616,504.10 municipal The investment of R100 000 000 was invested from 15 August 2023 to 16 October 2023 which earned the interest of R788,164.40 The investment amount and interest were withdrawn to the main municipal account before the end of the year.

### 16. Finance lease obligation

#### Minimum lease payments due

- within one year	8,958,875	9,322,788
- in second to fifth year inclusive	2,986,292	11,945,167

	11,945,167	21,267,955
less: future finance charges	(2,639,033)	(7,080,910)

<b>Present value of minimum lease payments</b>	<b>9,306,134</b>	<b>14,187,045</b>
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#### Present value of minimum lease payments due

- within one year	6,537,705	4,880,911
- in second to fifth year inclusive	2,768,429	9,306,134
	<b>9,306,134</b>	<b>14,187,045</b>

Non-current liabilities	2,768,429	4,864,257
Current liabilities	6,537,705	9,322,788
	<b>9,306,134</b>	<b>14,187,045</b>

It is municipality policy to lease certain [property]motor vehicles and equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 10% (2023: 10%).

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 16. Finance lease obligation (continued)

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

#### Defaults and breaches

In the current financial year the municipality never defaulted and/or breached any terms and conditions of the lease contract.

#### Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:

Rand	9,306,134	14,187,045
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The fair value of finance lease liabilities approximates their carrying amounts.

### 17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Financial Management Grant (FMG)	-	214,778
Municipal Infrastructure Grant (MIG)	1,113,506	10,395,680
Capricorn District Municipality Grant (CDM)	135,395	135,395
Integrated National Electrification Programme Grant (INEP)	15,691,932	5,412,286
Disaster Relief Grant (DRG)	42,705,670	4,000,000
	<b>59,646,503</b>	<b>20,158,139</b>

#### Movement during the year

Balance at the beginning of the year	20,158,139	24,315,315
Additions during the year	183,514,231	112,686,000
Income recognition during the year	(144,025,867)	(116,843,176)
	<b>59,646,503</b>	<b>20,158,139</b>
Non-current liabilities	-	-
Current liabilities	59,646,503	20,158,139
	<b>59,646,503</b>	<b>20,158,139</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

These amounts are invested in a ring-fenced investment until utilised.

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 18. Provisions

#### Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	24,246,165	-	(1,906,605)	(6,312,140)	833,265	16,860,685
Performance bonus	294,301	161,106	-	-	-	455,407
	<b>24,540,466</b>	<b>161,106</b>	<b>(1,906,605)</b>	<b>(6,312,140)</b>	<b>833,265</b>	<b>17,316,092</b>

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	23,221,540	1,024,625	-	24,246,165
Performance bonus	582,583	-	(288,282)	294,301
	<b>23,804,123</b>	<b>1,024,625</b>	<b>(288,282)</b>	<b>24,540,466</b>
Non-current liabilities			16,860,685	22,339,560
Current liabilities			455,407	2,200,906
			<b>17,316,092</b>	<b>24,540,466</b>

The provision represents management's best estimate of the municipality's liability on the experience and knowledge.

#### Provision for performance bonus

Performance bonus is the benefit paid to the senior management after performance assessment are being done and expectations or targets are met. Performance bonus is calculated at 14% of total package.

#### Environmental rehabilitation provision

The Alldays and Senwabarwana land fill sites are permitted facilities in terms of section 20 of Environmental Conservation Act 73 of 1989. The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation discounted at 3.73% as at 30 June 2024. Both landfill sites are expected to be in operation for a period of more than 5 years from July 2023.

# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>19. Revenue</b>		
Service charges	37,518,573	33,866,035
Rental of facilities and equipment	604,906	461,443
Licences and permits	3,997,903	4,166,391
Photocopies & Electricity Fines - Illegal connections	5,880	43,524
CDM - Commissions received	250,126	259,654
Landfill site provision reversal	8,218,745	-
Cemetry, Burial and Plans approval fees	201,154	231,794
Valuation services	3,167	2,722
Interest charged on Outstanding Debtors	1,065,528	806,882
Sale of Inventory - Sites/Land	8,476,924	5,683,006
Cattle Grazing	383,248	108,985
Interest received - Investments & Current accounts	7,720,660	4,112,364
Property rates	68,960,737	25,228,987
Property rates - penalties imposed	1,396,171	1,266,424
Government grants & subsidies	336,832,636	337,919,177
Donated assets	-	6,107,929
Fines	1,133,750	1,154,400
Other transfer revenue	-	1,758,495
Fair value adjustments and actuarial gains	-	1,683,532
	<b>476,770,108</b>	<b>424,861,744</b>

### The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	37,518,573	33,866,035
Rental of facilities and equipment	604,906	461,443
Licences and permits	3,997,903	4,166,391
Photocopies & Electricity Illegal connections	5,880	43,524
CDM - Commissions received	250,126	259,654
Landfill site provision reversal	8,218,745	-
Cemetery, Burial & Plans approval fees	201,154	231,794
Valuation Services	3,167	2,722
Interest on Outstanding Debtors	1,065,528	806,882
Sale of Inventory - Sites/Land	8,476,924	5,683,006
Cattle Grazing	383,248	108,985
Interest received - investment	7,720,660	4,112,364
Fair value adjustments and actuarial gains	482,400	483,099
	<b>68,929,214</b>	<b>50,225,899</b>

### The amount included in revenue arising from non-exchange transactions is as follows:

#### Taxation revenue

Property rates	68,960,737	25,228,987
Property rates - penalties imposed	1,396,171	1,266,424

#### Transfer revenue

Government grants & subsidies	336,832,636	337,919,177
Donated assets	-	6,107,929
Fines	1,133,750	1,154,400
Unclaimed money	-	1,758,495
Actuarial gains	-	1,200,433
	<b>408,323,294</b>	<b>374,635,845</b>

# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>20. Service charges</b>		
Sale of electricity	35,449,329	31,889,458
Refuse removal	2,069,244	1,976,577
	<b>37,518,573</b>	<b>33,866,035</b>
<b>21. Rental of facilities and equipment</b>		
<b>Facilities and equipment</b>		
Rental of facilities	604,906	461,443
<b>22. Traffic fines</b>		
Traffic fines	1,133,750	1,154,400
<b>23. Investment revenue</b>		
<b>Interest revenue</b>		
Investments	7,720,660	4,112,364
<b>24. Property rates</b>		
<b>Rates received</b>		
Residential	3,981,742	2,378,680
Commercial	3,572,074	2,804,938
State-owned	59,997,358	18,550,238
Small holdings and farms	1,409,563	1,495,131
	68,960,737	25,228,987
Interest charges on overdue account	1,396,171	1,266,424
	<b>70,356,908</b>	<b>26,495,411</b>
<b>Valuations</b>		
Residential	727,693,720	580,597,430
Commercial	324,422,830	439,588,960
State-owned	1,285,638,900	385,260,000
Municipalities	42,137,860	108,576,062
Other	6,174,820	8,380,500
Small holdings and farms	2,549,684,980	3,484,082,565
	<b>4,935,753,110</b>	<b>5,006,485,517</b>
<b>25. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	233,791,778	221,255,921
Financial Management Grant (FMG)	2,400,000	2,185,222
Expanded Public Works Programme (EPWP)	1,185,000	1,950,000
Disaster Relief Grant	8,394,330	-
	<b>245,771,108</b>	<b>225,391,143</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant (MIG)	68,341,174	85,302,320

# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>25. Government grants &amp; subsidies (continued)</b>		
Integrated National Electrification Programme (INEP)	22,720,354	27,225,714
	<b>91,061,528</b>	<b>112,528,034</b>
	<b>336,832,636</b>	<b>337,919,177</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

### Financial Management Grant (FMG)

Balance unspent at beginning of year	214,778	-
Current-year receipts	2,400,000	2,400,000
Conditions met - transferred to revenue	(2,400,000)	(2,185,222)
Withheld by National Treasury Through Equitable share	(214,778)	-
	<b>-</b>	<b>214,778</b>

Conditions still to be met - remain liabilities (see note 17).

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

Grant provides direct support to municipalities to develop financial management and technical capacity for the implementation of the MFMA, its regulations and associated financial reforms.

### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	10,395,680	161,955
Current-year receipts	99,600,848	71,698,000
Conditions met - transferred to revenue	(108,883,022)	(61,302,320)
Repayment of grant	-	(161,955)
	<b>1,113,506</b>	<b>10,395,680</b>

Conditions still to be met - remain liabilities (see note 17).

To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities. To Improved access to basic services infrastructure for poor communities, through the use of labour-intensive construction methods where it is technically feasible. To Improved reliability of basic services infrastructure for poor communities.

### Expanded Public Works Programme (EPWP)

Current-year receipts	1,185,000	1,266,000
Conditions met - transferred to revenue	(1,185,000)	(1,266,000)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 17).

To provide Expanded Public Works Programme (EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 25. Government grants & subsidies (continued)

#### Capricorn District Municipality (CDM)

Balance unspent at beginning of year	135,395	135,395
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Conditions still to be met - remain liabilities (see note 17).

CDM grant - disposal of unwanted waste through compaction inside the working cell.

#### Integrated National Electrification Programme (INEP)

Balance unspent at beginning of year	5,412,286	96,748
Current-year receipts	33,000,000	32,638,000
Conditions met - transferred to revenue	(22,720,354)	(27,225,714)
Repayment of grant	-	(96,748)
	<b>15,691,932</b>	<b>5,412,286</b>

Conditions still to be met - remain liabilities (see note 17).

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

#### Disaster Relief Grant (DRG)

Balance unspent at beginning of year	4,000,000	12,900,000
Current-year receipts	47,100,000	-
Conditions met - transferred to revenue	(8,394,330)	(8,900,000)
	<b>42,705,670</b>	<b>4,000,000</b>

Conditions still to be met - remain liabilities (see note 17).

To provide for the immediate release of funds for disaster response.

To enable a timely response to immediate needs after a disaster has occurred.

### 26. Donated assets

Donated assets	-	6,107,929
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During the year CDM donated 3 Waste Disposal Trucks to the municipality that are worth R6 107 929.

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>27. Employee related costs</b>		
Basic salary	73,210,628	69,057,406
Bonus	6,426,508	5,280,091
Medical aid - company contributions	5,402,194	5,038,152
Unemployed Insurance Fund (UIF)	398,963	396,226
Skills Development Levy (SDL)	1,132,417	1,121,173
Leave payout	825,922	1,234,794
Pension Fund contributions	16,537,800	15,962,960
Travel, motor car, accommodation, subsistence and other allowances	17,732,459	16,618,894
Overtime payments	5,187,614	5,410,246
Long-service awards	578,000	492,000
Acting allowances	528,162	516,178
Housing benefits and allowances	281,532	269,131
Bargaining Council	25,535	23,846
Standby allowance	695,292	718,379
Telephone & CellPhone allowances	3,246,098	3,131,851
Group life insurance	204,678	179,101
	<b>132,413,802</b>	<b>125,450,428</b>

The amounts disclosed below for senior managers have been included in the table above.

### Remuneration of municipal manager

Annual Remuneration	802,208	653,999
Acting allowance	-	38,549
Car Allowance	279,644	228,287
13th Cheque	67,829	-
Contributions to UIF, Medical and Pension Funds	167,544	136,997
Other Allowances	47,924	47,924
Back Pay	400,995	44,609
Subsistence and Travelling Allowance	168,470	158,115
	<b>1,934,614</b>	<b>1,308,480</b>

### Remuneration of chief finance officer

Annual Remuneration	51,876	659,834
Car Allowance	19,288	229,748
13th Cheque	47,553	51,109
Contributions to UIF, Medical and Pension Funds	13,986	138,195
Other allowances	3,994	47,924
Back pay	40,192	44,684
Subsistence and Travelling Allowance	3,271	107,898
Leave Pay	119,522	-
Acting Allowance	63,337	-
	<b>363,019</b>	<b>1,279,392</b>



# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

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### 27. Employee related costs (continued)

#### Remuneration of Senior Management

There is no acting allowances paid during the year on the Director Technical Services because the managers acting on the position were earning above the minimum entry notch for the directors.

Remuneration of Senior Management 2024 (included in employee related cost)	Technical Services	Economic Development and Planning	Corporate Services	Community Services	Total
Annual Remuneration	-	-	321,220	321,220	642,440
Acting allowance	71,965	58,018	27,086	32,825	189,894
Car allowance	-	-	120,646	124,266	244,912
Contributions to UIF, Medical and Pension Funds	-	-	67,357	71,932	139,289
Other allowances	-	-	24,116	24,116	48,232
Subsistence and Travelling Allowance	-	-	39,517	68,580	108,097
	<b>71,965</b>	<b>58,018</b>	<b>599,942</b>	<b>642,939</b>	<b>1,372,864</b>

Remuneration of Senior Management 2023 (included in employee related cost)	Technical Services	Economic Development and Planning	Corporate Services	Community Services	Total
Annual Remuneration	163,731	-	-	279,678	443,409
Acting allowance	17,804	18,078	37,678	48,978	122,538
Leave Pay out	-	-	63,784	53,098	116,882
13th Cheque	42,591	-	-	-	42,591
Car allowance	57,220	-	-	36,577	93,797
Contributions to UIF, Medical and Pension Funds	33,732	-	-	24,890	58,622
Other allowances	12,545	-	-	7,987	20,532
Back pay	-	-	177	-	177
Subsistence and Travelling Allowance	20,828	-	-	-	20,828
	<b>348,451</b>	<b>18,078</b>	<b>101,639</b>	<b>451,208</b>	<b>919,376</b>

### 28. Remuneration of councillors

Mayor	998,615	961,902
Chief Whip	769,365	731,210
Executive Committee Members	4,109,956	4,437,142
Speaker	817,067	773,652
Councillors	12,517,714	11,078,367
	<b>19,212,717</b>	<b>17,982,273</b>

#### In-kind benefits

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

The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

### 29. Depreciation and amortisation

Property, plant and equipment	33,753,609	30,960,625
Intangible assets	65,919	65,895
	<b>33,819,528</b>	<b>31,026,520</b>

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 30. Impairment loss

#### Impairments

Property, plant and equipment	143,588	5,390,169
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### 31. Finance costs

Finance leases	4,441,877	3,668,458
Landfill site discounting interest	833,265	-
Long service award	786,000	772,000
	<b>6,061,142</b>	<b>4,440,458</b>

The interest paid is made up of Long service award , landfill site discounting interest and the finance lease on the office equipment.

### 32. Auditors' remuneration

Fees	4,754,784	4,370,569
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### 33. Debt impairment

Debt impairment	(9,130,958)	54,121,084
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The movement of debt impairment reversal was due to better collections on the government debt.

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>34. General expenses</b>		
Advertising	1,271,523	977,069
Auditors remuneration	4,754,784	4,370,569
Bank charges	542,876	500,390
Provision for restoration costs of landfill site	803,061	2,176,939
EPWP costs	6,335,225	5,951,212
Consulting and professional fees	2,246,194	-
Workmens Compensation Costs	612,533	406,582
Insurance	3,131,419	1,702,123
Conferences, Accomodation and seminars	2,151,500	2,248,426
IT expenses	1,610,452	2,057,076
Fuel Costs	3,682,876	4,401,932
Postage and courier	2,010	2,010
Printing and stationery	304,061	100,000
Promotions	165,675	191,596
Master Plans for LDP	1,170,924	1,432,788
Repairs and maintenance	10,065,162	2,671,178
Poverty Alleviation	355,450	529,840
Staff welfare	11,000	-
Subscriptions and membership fees	2,355,923	2,525,668
Telephone and fax	3,899,691	1,515,738
Subsistence and travel	14,758,226	13,846,312
Refuse	145,306	-
Special Focus	253,978	758,647
Audit committee fees	385,302	336,784
Bursaries	87,366	232,257
Public participation	515,548	178,000
Licence fees - vehicles	145,184	148,434
Refreshments	144,982	137,800
Remuneration of ward committee members	4,520,861	4,703,761
Free basic services electricity	752,599	775,286
Support of ward committee	1,852,243	1,767,238
Other expenses	10,741,129	7,804,933
	<b>79,775,063</b>	<b>64,450,588</b>
<b>35. Bulk purchases</b>		
Electricity - Eskom	58,974,105	52,983,493
<b>36. Contracted services</b>		
Information Technology Services	-	202,377
Fleet Services	302,598	190,914
Operating Leases	2,520,783	3,059,422
Specialist Services	7,452,099	25,448,481
Other Contractors	26,549,227	21,074,717
	<b>36,824,707</b>	<b>49,975,911</b>

# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>37. Cash generated from operations</b>		
Surplus	119,237,854	18,780,300
<b>Adjustments for:</b>		
Depreciation and amortisation	33,819,528	31,026,520
Gain or loss on sale of assets and liabilities	(181,278)	260,520
Fair value adjustments	(482,400)	(483,099)
Impairment deficit	143,588	5,390,169
Debt impairment	(9,130,958)	54,121,084
Movements in employee benefits obligation	420,000	(542,000)
Movements in provisions	(7,224,374)	736,343
Donated assets	-	(6,107,929)
<b>Changes in working capital:</b>		
Inventories	773,114	(294,279)
Receivables from exchange transactions	343,264	(4,129,330)
Consumer debtors	12,075,013	(55,213,976)
Other receivables from non-exchange transactions	(39,566,824)	51,667,054
Payables from exchange transactions	25,330,957	22,081,532
VAT	3,730,894	4,881,837
Unspent conditional grants and receipts	39,488,364	(4,157,176)
	<b>178,776,742</b>	<b>118,017,570</b>

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 38. Financial instruments disclosure

#### Categories of financial instruments

##### 2024

#### Financial assets

	At amortised cost	Total
Other financial assets	11,399,735	11,399,735
Trade and other receivables from exchange transactions	4,776,734	4,776,734
Receivables from non-exchange transactions	55,180,900	55,180,900
Consumer debtors	9,824,693	9,824,693
Cash and cash equivalents	186,024,595	186,024,595
	<b>267,206,657</b>	<b>267,206,657</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	93,878,197	93,878,197
Finance lease obligation	9,306,134	9,306,134
	<b>103,184,331</b>	<b>103,184,331</b>

##### 2023

#### Financial assets

	At amortised cost	Total
Other financial assets	4,864,604	4,864,604
Trade and other receivables from exchange transactions	5,119,998	5,119,998
Receivables from non-exchange transactions	5,635,272	5,635,272
Consumer debtors	2,768,748	2,768,748
Cash and cash equivalents	101,842,674	101,842,674
	<b>120,231,296</b>	<b>120,231,296</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	68,547,240	68,547,240
Finance lease obligation	14,187,045	14,187,045
	<b>82,734,285</b>	<b>82,734,285</b>

# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>39. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	62,319,032	105,183,014
<b>Total capital commitments</b>		
Already contracted for but not provided for	62,319,032	105,183,014
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Security services	38,017,967	57,348,763
• Consulting services	2,416,662	-
• Township Establishment	877,500	-
• Leasing of 10 photocopying machines	-	575,564
• Telephone Management Solution	2,029,621	4,656,162
• Landfill Management	5,976,335	11,473,671
• Leasing of Graders	12,914,696	20,380,425
• Supply and Delivery of Protective Clothing	-	699,445
• Unbundling of Assets	1,105,549	1,908,610
• Valuation Roll	-	2,775,950
• Enhancement of Network Connectivity of All Satelites Offices	4,044,724	4,044,724
	<b>67,383,054</b>	<b>103,863,314</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	67,383,054	103,863,314
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	62,319,032	105,183,014
Authorised operational expenditure	67,383,054	103,863,314
	<b>129,702,086</b>	<b>209,046,328</b>

This committed expenditure relates to Security, consulting, growth strategy and special development services and property, plant and equipments and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 40. Contingencies

Litigation claims are in progress against the municipality relating to various matters who alleges that the municipality has infringed on certain laws and regulations and they are seeking damages. The municipality's lawyers and management consider the likelihood of the actions against the municipality being successful is unlikely, and the case should be resolved within the next two years.

There is no reimbursement from any third parties for potential obligations of the municipality.

	2024	2023
<b>Contingent Liabilities</b>		
<b>Below is a detail explanation of the nature and financial impact:</b>		
1. Kgamaki Jonas Mangweta: Case No. LP/PLK/RC 499/2015 - The plaintiff is suing the municipality for defamation.	545,071	518,071
2. Machuene Charlese Keetse - The plaintiff is suing the Municipality and the Minister of Police for unlawful arrest and detention. The matter is still pending, awaiting for trial date.	300,000	300,000
3. Joseph Manaka - The plaintiff is suing both the municipality and Eskom after he was electrocuted by a half fallen electrical pole after a disaster caused by heavy rainfalls and Winds	6,584,125	6,194,625
4. Overland cruises and logistics - The plaintiff is suing the Premier of Limpopo and the Municipality for non-payment of service rendered, the Premier's office procured transport services to ferry residents of Blouberg Municipality to Polokwane during a memorial service of the late former President Nelson Mandela. N J Morero Attorneys has been appointed to act on behalf of the municipality. The matter was provisionally withdrawn and awaiting for new trial date.	574,800	574,800
5. Tebogo Mokoboti - The plaintiff is suing the Municipality for damages which she claim to have suffered as a results of a collision which between her vehicle and the Council's grader. The matter is still pending, Awaiting further particulars (discovery documents) and trial date from the court.	73,949	68,839
6. Pension Fund For Municipal Councilors - The Municipality received a letter of demand from the Municipal Councilors Pension Fund for outstanding contributions by some of the Municipality's Councilors and sought a legal opinion from Lebea and Associates Attorneys on the letter of demand. The matter is still pending, awaiting for summons MC Incorporated Attorneys.	7,800,000	7,800,000
The Applicant is suing the Municipality for Defamation	859,262	-
The Municipality is sued for non payment of services rendered	132,731	-
The Municipality is sued for non payment of services rendered	62,268	-
The Applicant is suing the Municipality for damages suffured due to the Demolition of his property as a result of a Court Order granted in favor of the Municipality	6,181,600	-
	<b>23,113,806</b>	<b>15,456,335</b>

# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

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### 41. Related parties

Relationships

Members of key management

Councillors

Executive Committee Members

Municipal Manager

Chief Financial Officer

### Related party transactions

#### Debtors Balance with key management

Councillor Thamaga NM

359,725

341,000

The above executive members have balances included in the Receivables from exchange and non-exchange transactions relating to the assessment rates, refuse, water and interest charged on overdue accounts. Payables as and when the members pay to the municipality.

#### Compensation to accounting officer and other key management

Defined contribution plans

103,555

93,797

### Key management information

### Remuneration of management



# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 41. Related parties (continued)

#### Municipal Manager and Chief Financial Officer

#### 2024

	Basic salary	Bonuses and performance related payments	Car Allowance	Post-employment benefits	Other benefits received	Acting Allowance	Total
<b>Name</b>							
Ramothwala RJ	802,208	67,829	279,644	167,544	617,389	-	1,934,614
Mabote NJ	51,876	47,553	19,288	13,986	166,979	-	299,682
Motupa MJ - Acting CFO	-	-	-	-	-	32,812	32,812
Riba M - Acting CFO	-	-	-	-	-	30,524	30,524
	<b>854,084</b>	<b>115,382</b>	<b>298,932</b>	<b>181,530</b>	<b>784,368</b>	<b>63,336</b>	<b>2,297,632</b>

#### 2023

	Basic salary	Bonuses and performance related payments	Car Allowance	Post-employment benefits	Other benefits received	Total
<b>Name</b>						
Ramothwala RJ	653,999	38,549	228,287	136,997	250,648	1,308,480
Mabote NJ	659,834	51,109	229,748	138,195	200,506	1,279,392
	<b>1,313,833</b>	<b>89,658</b>	<b>458,035</b>	<b>275,192</b>	<b>451,154</b>	<b>2,587,872</b>

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 41. Related parties (continued)

#### Councillors/Executive Committee Members

##### 2024

Name	Basic salary	Allowances	Subsistence & Traveling	Total
Thamaga MN	659,439	346,601	1,288	1,007,328
Boloka MP	528,999	294,684	142,718	966,401
Rangata MJ	496,391	279,364	199,080	974,835
Makobela SR	496,391	279,099	179,601	955,091
Motswabe LP	496,391	279,290	202,540	978,221
Raseruthe MA	496,391	279,246	216,116	991,753
Maifo ML	486,562	275,139	236,469	998,170
Phoshoko NC	269,975	174,374	93,124	537,473
Tlouamma NM	280,126	176,629	181,157	637,912
Mosena DD	280,126	176,779	193,034	649,939
Raphasha DS	280,126	176,629	182,647	639,402
Lehong MV	213,636	144,836	105,157	463,629
Moetjie NT	213,636	145,535	188,248	547,419
Makhura MH	213,636	144,869	108,900	467,405
Mathekga MJ	213,636	144,859	126,440	484,935
Molokomme MM	213,636	144,251	112,984	470,871
Mphago MA	213,636	144,785	101,921	460,342
Magwai RT	213,636	144,900	124,299	482,835
Lehonye TJ	213,636	144,811	71,737	430,184
Mapunya PW	213,636	144,759	88,118	446,513
Manaka NA	213,636	144,873	125,715	484,224
Makhura KH	213,636	144,869	122,755	481,260
Tihako NB	213,636	144,800	119,679	478,115
Mashamaite MG	213,636	144,790	120,012	478,438
Motsoko L	213,636	144,697	97,214	455,547
Mahlape NJ	213,636	144,870	124,104	482,610
Mmoko ML	213,636	144,696	-	358,332
Pheedi MS	204,879	138,586	66,753	410,218
Mokami ME	213,636	144,991	124,199	482,826
Thema NR	213,636	145,037	145,538	504,211
Seokotsa MM	213,636	144,850	120,906	479,392
Mokobodi MM	213,636	145,156	151,186	509,978
Sehata AQ	213,636	145,007	132,564	491,207
Tlabela FP	213,636	145,228	141,863	500,727
Maphoto MD	213,636	144,797	70,622	429,055
Mailula MS	213,636	144,788	73,733	432,157
Ntjana MI	213,636	144,950	107,911	466,497
Dau MP	213,636	144,751	72,225	430,612
Maribeng MK	213,636	144,776	59,186	417,598
Kobola JS	213,636	144,923	99,554	458,113
Maripa MS	213,636	145,263	2,740	361,639
Masebe KP	213,636	144,696	96,241	454,573
Maputla SA	213,636	135,529	188,440	537,605
Molokomme MJ	146,361	109,491	-	255,852
	<b>11,744,873</b>	<b>7,467,853</b>	<b>5,218,718</b>	<b>24,431,444</b>

# Blouberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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### 41. Related parties (continued)

#### 2023

	Basic salary	Allowances	Subsistence & Traveling	Total
<b>Name</b>				
Thamaga MN	633,558	328,345	20,943	982,846
Boloka MP	502,561	271,081	81,544	855,186
Rangata MJ	474,434	256,776	194,658	925,868
Makobela SR	477,254	256,776	180,846	914,876
Motswaba LP	523,097	204,837	200,355	928,289
Raseruthe MA	474,211	256,776	190,421	921,408
Maifo ML	461,646	252,079	229,915	943,640
Keetse PP	139,496	82,754	-	222,250
Tlouamma NM	266,453	161,920	173,835	602,208
Mosena DD	264,010	161,920	181,762	607,692
Raphasha DS	266,384	161,920	172,184	600,488
Lehong MV	202,819	132,755	121,210	456,784
Moetjie NT	203,111	132,755	178,266	514,132
Makhura MH	203,515	132,755	105,551	441,821
Mathekga MJ	202,819	132,755	135,262	470,836
Molokomme MM	202,666	132,755	106,572	441,993
Mphago MA	202,663	132,755	103,116	438,534
Magwai RT	202,736	132,755	134,010	469,501
Phoshoko NC	120,110	79,166	21,251	220,527
Lehonye TJ	200,395	132,755	50,360	383,510
Mapunya PW	200,227	132,755	104,646	437,628
Manaka NA	200,293	132,755	118,758	451,806
Makhura KH	200,315	132,755	127,132	460,202
Tlhako NB	200,228	132,755	111,759	444,742
Mashamaite MG	200,227	132,755	116,642	449,624
Motsoko L	200,139	132,755	95,568	428,462
Mahlape NJ	200,274	132,755	120,446	453,475
Mmoko ML	200,134	132,755	1,976	334,865
Tlepyane S	52,554	31,206	30,168	113,928
Pheedi MS	208,765	132,755	133,789	475,309
Mokami ME	200,398	132,755	137,804	470,957
Thema NR	200,415	132,755	144,849	478,019
Seokotsa MM	200,275	132,755	115,199	448,229
Mokobodi MM	200,522	132,755	141,402	474,679
Sehata AQ	200,289	132,755	114,489	447,533
Tlabela FP	200,456	132,755	156,196	489,407
Maphoto MD	200,400	132,755	67,022	400,177
Mailula MS	200,226	132,755	75,430	408,411
Ntjana MI	200,400	132,755	131,279	464,434
Dau MP	200,188	132,755	70,525	403,468
Maribeng MK	200,150	132,755	9,267	342,172
Kobola JS	200,300	132,755	92,662	425,717
Baloyi HP	200,485	132,755	132,962	466,202
Maripa MS	200,705	132,755	11,263	344,723
Masebe KP	200,135	132,755	89,081	421,971
Maputla SA	79,413	57,083	24,155	160,651
	<b>11,171,851</b>	<b>6,810,799</b>	<b>5,056,530</b>	<b>23,039,180</b>

# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 41. Related parties (continued)

Management class: Senior management

#### 2024

	Technical Services	Local Economic Development	Corporate Services	Community Services	Total
<b>Name</b>					
Annual Remuneration	-	-	321,220	321,220	642,440
Acting Allowance	71,965	58,018	27,086	32,825	189,894
Car Allowance	-	-	120,646	124,266	244,912
Contributions to UIF, Medical and Pension Funds	-	-	67,357	71,932	139,289
Other allowances	-	-	24,116	24,116	48,232
Subsistence and Travelling Allowance	-	-	39,517	68,580	108,097
	<b>71,965</b>	<b>58,018</b>	<b>599,942</b>	<b>642,939</b>	<b>1,372,864</b>

#### 2023

	Technical Services	Local Economic Development	Corporate Services	Community Services	Total
<b>Name</b>					
Annual remuneration	163,731	-	-	279,678	443,409
Acting Allowance	17,804	18,078	37,678	48,978	122,538
Leave pay out	-	-	63,784	53,098	116,882
13th Cheque	42,591	-	-	-	42,591
Travel, Motor Car, Accommodation	57,220	-	-	36,577	93,797
Contribution to UIF and Medical Aid	33,732	-	-	24,890	58,622
Other allowances	12,545	-	-	7,987	20,532
Back pay	-	-	177	-	177
Subsistence and Travelling Allowance	20,828	-	-	-	20,828
	<b>348,451</b>	<b>18,078</b>	<b>101,639</b>	<b>451,208</b>	<b>919,376</b>

The following were directors for senior management position:

Technical Services - Siboiboi DG

Community Services - Monyemoratho MB

### 42. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Trade debtors and revenue from exchange transactions were adjusted because of incorrect rates that are being used on prepaid revenue.

Trade and other payables was adjusted because of incorrect rates that are being used for prepaid revenue on electricity.

Property plant and equipment was adjusted due to incorrect depreciation calculations and impairment of assets that are not in use.

### Statement of financial position

# Blouberg Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023		
<b>42. Prior-year adjustments (continued)</b>				
<b>2022</b>				
	Note	As previously reported	Correction of error	Restated
Property, plant and equipment		977,360,374	950,014	978,310,388
Accumulated surplus		(1,059,619,509)	(950,014)	(1,060,569,523)
		<b>(82,259,135)</b>	<b>-</b>	<b>(82,259,135)</b>

<b>2023</b>				
	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		4,650,016	469,982	5,119,998
VAT receivable		2,358,739	(59,934)	2,298,805
Trade and other payables from exchange transactions		(68,536,750)	(10,489)	(68,547,239)
Property, plant and equipment	4	1,065,221,605	(3,219,055)	1,062,002,550
Accumulated surplus		(1,082,169,320)	2,819,496	(1,079,349,824)
		<b>(78,475,710)</b>	<b>-</b>	<b>(78,475,710)</b>

### Statement of financial performance

<b>2023</b>				
	Note	As previously reported	Correction of error	Restated
Revenue from exchange transactions		49,826,340	(399,559)	49,426,781
Impairment loss	30	(767,400)	(4,623,169)	(5,390,569)
Depreciation and amortisation	29	(31,482,240)	455,720	(31,026,520)
Loss on disposal of assets and liabilities	34	(260,520)	2,021	(258,499)
<b>Surplus for the year</b>		<b>17,316,180</b>	<b>(4,564,987)</b>	<b>12,751,193</b>

# Blouberg Local Municipality

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### 43. Risk management

#### Financial risk management

In running its operations the city is exposed to variety of financial risks: market, liquidity, credit and interest rate risks. Section 62.(1)(c)(i) Of MFMA states that the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control in response to this the municipality's adopted National Treasury Public Sector Risk Management Framework and is committed to the effective management of the risks. The process is called risk monitoring and control. It involves monitoring the identified risks including the above mentioned financial risks, identifying new risks, and evaluating the overall effectiveness of the risk management plan in reducing the risks.

The municipality's Treasury is committed to the effective management of the financial risks, with Treasury office responsible for management of market, liquidity, and interest rate risks. The Revenue office is responsible for credit risk management. In the course of the municipality's business operations it is exposed to interest rate, credit, liquidity and market risk. The Municipality has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

There was no change in the exposure to risks and how they arise since the previous financial year, with the exception for the impact of the COVID-19 pandemic which also contributed towards the credit risk due to the effect that it had on consumers' ability to pay for their municipality accounts. The objectives, policies and processes for managing the risk and the methods used to measure the risk since the previous financial year remained the same.

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

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

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	93,878,197	-	-	-
Finance lease obligation	6,537,705	-	2,768,429	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	68,547,240	-	-	-
Finance lease obligation	9,322,788	-	4,864,257	-

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

#### Market risk

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### 43. Risk management (continued)

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will be negatively affected by the adverse changes in interest rates. Interest rate risk arises from the fluctuations in the economic market due to the economic climate. The Municipality manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate borrowings and investments, as well as by entering into interest rate swap contracts on outstanding borrowings. The Municipality's exposure to interest rate risk and the effective interest rates on financial instruments at statement of financial position date are as follows:

The Municipality has significant exposure to interest rate risk due to the volatility in South African interest rates, fluctuations in interest rates on bonds issued and short-term investment will impact the Municipality's cash flow negatively. The municipality's interest rate risk arises from interest that is being earned on the cash deposits and investments that the municipality has invested with the ABSA bank. Investments issued at variable rates expose the municipality to cash flow interest rate risk.

### 44. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality to remain in force for as long as it takes to restore the solvency of the municipality.

### 45. Events after the reporting date

The municipality have not identified any material non-adjusting events after the reporting date relating to the financial period then ended 30 June 2024.

### 46. Unauthorised expenditure

Opening balance as previously reported	-	7,086,649
Less: Amount written off - current SC(172)2022/2023	-	(7,086,649)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

#### Prior year Unauthorized Expenditure: R7,086,649

The municipality has an unauthorised expenditure of R7,086,649 due to increase on Eskom Tarrif. On 29 June 2023 the council resolved to write Unauthorised expenditure of R7,086,649 as per the recommendation of the Municipal Public Accounts Committee report of 2021/22 and 2022/23 through resolution SC(172)2022/2023.

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<b>47. Irregular expenditure</b>		
Opening balance as previously reported	4,023,794	-
Opening balance as adjusted - prior period	-	195,000
Add: Irregular expenditure - current	3,904,899	4,507,094
Less: Amount written off - current	(6,799,744)	(678,300)
<b>Closing balance</b>	<b>1,128,949</b>	<b>4,023,794</b>

### Current Year Irregular Expenditure: R3,904,899

The municipality Irregular expenditure increased by R3,904,899 as a result of contravention of MFMA section 33 for the development of General valuation roll and maintenance thereafter.

### Prior Year Irregular Expenditure: R4,507,094

The municipality Irregular expenditure increased by R483,300 as a result of contravention of SCM Reg22 from prior year during the year.

The municipality incurred additional Irregular Expenditure of R4,023,794 which was a result of a variation order which did not comply with MFMA section 116(3)(b) for the construction of Pinkie Sebotse Sports Facility.

### Amount written-off

### Irregular Expenditure: R6,799,744 (2023: R678,300)

The Municipality has an prior year opening balance of R195,000 as a result of contravention of SCM Reg22\ ( Ingwe, PJMJ , Izigi Molokwane Trading JV, Mode-Hope ) and CIDB Reg25 ( Urich ) and MFMA Circular 65 (Tlou Intergrated Tech).)

On 29 June 2023 the council resolved to write Irregular expenditure of R678,300 as per the recommendation of the Municipal Public Accounts Committee report of 2021/22 and 2022/23 through resolution SC(172)2022/2023.

On 27 March 2024 the council resolved to write off Irregular expenditure of R6,799,744 as per the recommendation of the Municipal Public Accounts Committee report.

## 48. Additional disclosure in terms of Municipal Finance Management Act

### Contributions to organised local government

Current year subscription / fee	1,590,309	1,586,780
Amount paid - current year	(1,590,309)	(1,586,780)
	-	-

### Audit fees

Current year subscription / fee	4,754,784	4,370,569
Amount paid - current year	(4,754,784)	(4,370,569)
	-	-

### PAYE and UIF

Current year subscription / fee	29,260,565	27,004,390
Amount paid - current year	(29,260,565)	(27,004,390)
	-	-



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

#### Pension and Medical Aid Deductions

Current year subscription / fee	24,976,243	21,623,408
Amount paid - current year	(24,976,243)	(21,623,408)
	-	-

#### VAT

VAT receivable	-	2,358,739
VAT payable	6,733,927	5,361,772
	<b>6,733,927</b>	<b>7,720,511</b>

VAT output payables and VAT input receivables are shown in note .

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

#### Councillors' arrear consumer accounts

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

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Thamaga M	14,929	344,797	359,726
30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Thamaga M	13,854	327,146	341,000

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

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### 49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

Supplier name and details	Reason	Amount
Truvelo Africa Electronics Division-Service & Repair of traffic speed meter	Sole Supplier	15,790
Workshop Electronics-Service and Repair of pro-lase machine	Sole Supplier	19,795
Mohodi Community Radio Station-Advertisement	Only local Radio Station available for the service	28,456
Mohodi Community Radio Station-Advertisement	Only local Radio Station available for the service	32,600
Mohodi Community Radio Station-Advertisement	Only local Radio Station available for the service	90,390
Blouberg Community Radio Station-Advertisement	Only local Radio Station available for the service	15,800
Blouberg Community Radio Station-Advertisement	Only local Radio Station available for the service	42,360
Blouberg Community Radio Station-Advertisement	Only local Radio Station available for the service	18,600
Lexis Nexis-Law books	Only printer of government law books	3,309
Truvelo Africa Electronics Division-Service & Repair of traffic speed meter	Sole Supplier	66,095
Blouberg Community Radio Station-Advertisement	Only local Radio Station available for the service	64,200
Mohodi Community Radio Station-Advertisement	Only local newspaper available for service	182,600
Mohodi Community Radio Station-Advertisement	Only local Radio Station available for the service	66,400
Mohodi Community Radio Station-Advertisement	Only local Radio Station available for the service	62,600
Blouberg Community Radio Station-Advertisement	Only local Radio Station available for the service	32,000
Lefokane consulting and projects-supply and installation of electrical poles and wires	Emergency	109,048
Tumishi Electrical-supply and installation of transformers	Emergency	135,359
S000000027 : SUPPLY & INSTALLATION OF 25KVA TRANSFORMER	Emergency	93,661
AT -supply and installation of transformers		
PIN AFRIKA CONSULTING ENGINEERS -INSTALLATION OF TRANSFORMER	Emergency	74,060
Bell equipment sales south Africa-maintenance of graders	Emergency	266,479
Blouberg Community Radio Station-Advertisement	Only local Radio Station available for the service	33,200
Lefokane consulting and projects-supply and installation of electrical poles and wires	Emergency	161,862
Lefokane consulting and projects-supply and installation of transformers	Emergency	139,889
Oakantswe Construction - supply and installation of broken poles	Emergency	212,577
Caterlim Quality parts for earthmoving -Processes to service and maintenance of excavator	Sole Supplier	94,098
Tumishi Electrical - Supply delivery and removal of transformer	Emergency	110,347
		<b>2,171,575</b>

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### 50. Segment information

#### General information

#### Identification of segments

For management purposes, the municipality is organised and operates in four 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. Costs relating to the governance and administration of the municipality are not allocated to these business units.

- Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
- Economic and environmental services which includes planning and development, road transport and environmental protection services;
- Trading services which includes energy sources, water management, waste water management and waste management services;

The four key business units comprise of:

- Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
- Economic and environmental services which includes planning and development, road transport and environmental protection services;
- Trading services which includes energy sources, water management, waste water management and waste management services;
- Governance and administration

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 monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

#### Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Segment 1	Community and Public Safety
Segment 2	Economic and Environmental Services
Segment 3	Trading Services
Segment 4	Governance and administration

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### 50. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2024

	Community and Public Safety	Economic and Environmental Services	Trading Services	Governance and administration	Total
<b>Revenue</b>					
Revenue from non-exchange transactions	1,185,000	76,735,504	22,720,354	305,152,509	405,793,367
Revenue from exchange transactions	2,774,533	8,656,006	38,496,576	11,779,110	61,706,225
<b>Total segment revenue</b>	<b>3,959,533</b>	<b>85,391,510</b>	<b>61,216,930</b>	<b>316,931,619</b>	<b>467,499,592</b>
<b>Entity's revenue</b>					<b>467,499,592</b>
<b>Segment expenditure</b>					
Total segment expenses	37,651,198	31,960,269	80,321,664	164,508,694	314,441,825
Depreciation and amortisation	9,328,908	8,106,050	12,536,391	3,848,178	33,819,527
<b>Total segment expenditure</b>	<b>46,980,106</b>	<b>40,066,319</b>	<b>92,858,055</b>	<b>168,356,872</b>	<b>348,261,352</b>
<b>Total segmental surplus/(deficit)</b>	<b>(43,020,573)</b>	<b>45,325,191</b>	<b>(31,641,125)</b>	<b>148,574,747</b>	<b>119,238,240</b>
<b>Other Information</b>					
Segment assets	(14,723,486)	112,564,215	806,155,442	515,286,863	1,419,283,034
Segment liabilities	(16,996,080)	(47,806,305)	(29,350,924)	(122,333,758)	(216,487,067)

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### 51. Accounting by principals and agents

The entity was a party to a principal-agent arrangement(s).

**Details of the arrangement(s) is/are as follows:**

#### **Water Service Authority (WSA) and Water Service Provider (WSP) Service Level Agreement**

WSA (CDM) was authorized in terms of Structures Act Section 84(1) b and 84(1) to perform functions and exercises the powers as Water Service Authority. The District Municipality appointed Local Municipalities as WSPs in line with Water Service Provider Contract regulations (R980 of 19th July 2002) on interim basis. The contract commenced on the 1st July 2018 and remain effective until revised, reviewed, changed or amended by the parties. In terms of SLA, WSP shall account for the revenue collected as commission earned from the agency services in line with paragraph 8.3 titled Revenue Collection and implement credit Control and Debt Collection in line with paragraph 8.4 of the Service Level Agreement.

#### **Memorandum of Understanding between Department of Roads and Transport (DRT) and Blouberg Local Municipality (BLM)**

DRT is responsible for general motor vehicle registration and drivers' licenses in terms of applicable National and Provincial Road Traffic legislations. MOU formalizes the relationship between the two state organs and establishes the terms and conditions which the Municipality shall provide functions on behalf of DRT, in line with applicable legislations to the citizens of the republic and as envisaged by Batho Pele Principles. In terms of the MOU, BLM shall collect and retain monies as per annexure B and C of the MOU and pay to DRT a percentage agreed in the annexures, within a period of 30 days of each calendar month.

#### **Memorandum of Understanding between Ontec (Pty) Ltd and Blouberg Local Municipality (BLM)**

Ontec is contracted to the municipality, to provide on line vending service to pre paid customers. The agent manages pre paid meters and collects revenue on behalf of the municipality from third party vendors. The agent is paid (10,25%) based on commission of revenue collected on a monthly basis.

#### **Memorandum of Understanding between Enigma Consulting (Pty) Ltd and Blouberg Local Municipality (BLM)**

Enigma Consulting is contracted by the municipality to provide services of revenue investigation, negotiation and collection for 36 months. The contract is based on a risk of 20% vat inclusive as quoted in the bid documents.

#### **Entity as agent**

##### **Revenue recognised**

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal (WSA) is R250,126 (2023:R259,654).

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal (DRT) is R4,005,723 (2023: R 4,166,391).

#### **Entity as principal**

##### **Fee paid**

The aggregate amount of compensation fee that the entity recognised as fees for the transactions carried out on behalf of the agent is R833,753 (2023: R1,174,490).

The aggregate amount of compensation fee that the entity recognised as fees for the transactions carried out on behalf of the agent (Enigma Consulting) is R12,392,035 (2023: R12,392,035).

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### 52. Distribution Losses

Electricity	11,415,424	7,922,414
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The municipality purchased units 21,955,806 (2023: 21,201,696 units) from Eskom and sold 17,705,893 units (2023: 17,999,706 units) resulting in a difference of 4,249,913 units (2023: 3,201,990 units) between the purchases and sales. This amounts to a distribution loss of 19.36% (2023: 15.10%).

The municipality had a distribution loss amount of R11,415,424 (2023: R7,922,414).

### 53. Explanation of Variances on Actual Costs Versus Budgeted Costs

**Note 1** - The decrease is as a result of non payments by businesses and residential customers, this is due to economic conditions or challenges of the country.

**Note 2** - The decrease is as a result of non payments by businesses and residential customers.

**Note 3** - The movement of the interest is due to non payments by businesses and residential customers.

**Note 4** - The reason of the lower amount is due to most customers not finalising thier purchase of land sites through signing the purchase agreement.

**Note 5** -The difference is due to unallocated amount that was advertised too allow community to give further documents so that the amounts can be allocated to correct accounts from 2021 balances and no responses were obtained on those amounts thus why they are allocated to revenue.

**Note 6** - The movement was due to the implementation of the new valuation roll and new tarrif charge on state properties.

**Note 7** -The movement of the interest is due to no payment by debtors.

**Note 8** - The actual amounts include capital grants while the budget includes capital grants. The movement of both bugets is due to projects not finalised at year end that relates to capital nature that are still on going.

**Note 9** - The donation income was a result of assets (waste removal trucks) that were donated by CDM and were recognised at fair value.

**Note 10** -The reason why the expenditure is lower than the budget is due to unfilled post of senior managers.

**Note 11** - The councillors salary increase was below as budgeted for during the financial period 2023/24.

**Note 12** -The actual depreciation was lower that the budget due to few projects capitalised late into the year which did not attract more depreciation.

**Note 13** - The actual finance cost is high than the budget due to the fact that the actual budget for finance cost is allocated under general expenditure if included on the line the movement is still within the budget of totall general expenses.

**Note 14** - The movement of debt impairment reversal was due to better collections on the government debt.

**Note 15** -The bulk purchases movement is due to electricity projects not completed on time which resulted in households not being connected.

**Note 16** - The significant amount of other receivables from exchange transactions were written of in the previous financial period after the budget has been submitted.

**Note 17** - The contracted services and general expenses were budgeted together if the spending and budgeted amount combined the spending of the two is within budget.

**Note 18** - The budget for inventory is lower due to increases in inventory consumables during the financial period.

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### 53. Explanation of Variances on Actual Costs Versus Budgeted Costs (continued)

**Note 19** - The budget is lower than the actual as the budget was based on the expected spending of capital expenses rather than the balance of the assets. The actual capital expenses of the financial period they are in line with the budgeted amount.

**Note 20** - Other financial assets seem to be higher than the budgeted amount as the amount was budgeted under cash and cash equivalents.

**Note 21** - The actual finance lease obligation is high than the budget due to purchase of 3 graders through finance lease.

**Note 22** - The actual unspent grant is more than the budget due to increase in grants received during the year.

### 54. Change in accounting estimates

Impact on debt impairment allowance	-	44,522,991
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In the current year management reviewed the assumptions for debt impairment estimates of receivables from exchange and receivables from non-exchange transactions. This effect of this revision is an increase in debt impairment in the allowance in the current year.

The amount of the effect of future periods is not disclosed as it is impracticable to estimate.