NAMA KHOI MUNICIPALITY

(Registration Number NC062)
Annual Financial Statements
for the year ended 30 June 2022

Index

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	NC062
Nature of Business and Principal Activities	Nama Khoi Municipality is a local Municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)
Members	
Mayor	Bock G M S
Speaker	R Kritzinger
	Visser C
	RJ Cloete
	S Kleinbooi
	WS Jordaan
	GY Pieters
	Petersen C V
	CG Coetzee
	YL Van Zyl
	P Van Reenen
	ZP De Jongh
	LL Vries
	SH Ruiter
	GJ Coetzee
	W Van Schalkwyk
	JE Van Den Heever
	CE Gertze
	S Cloete
	M R Baadjies
	R F Adams
	S J Cloete
	A M Julie
	J F M Otto
	R S J Claasen
	J C Losper
	K A Polori
	W C Britz
Registered Office	4 Namakwa St Springbok 8240
Postal Address	Private Bag X17 Springbok 8240
Bankers	NEDBANK
Auditor	Office of the Auditor-General (Northern Cape)

General Information

Municipal Manager	Mrs SA Tatas-Titus (Term ended 31 March 2022)
Acting Municipal Manager	Mr DC Magerman (Appointed 1 April 2022 - current)
Chief Financial Officer	Mr HE Cloete

Report of the Accounting Officer

Accounting Officer Responsibilities and Approval

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

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

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 115, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 32 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

DC Magerman
Acting Municipal Manager

31 August 2022

NAMA KHOI MUNICIPALITY

(Registration Number NC062)
Financial Statements for the year ended 30 June 2022

Statement of Financial Position

Figures in R	Notes	30 June 2022	Restated 30 June 2021
Assets			
Current assets			
Inventories	3	2 265 700	1 208 660
Value Added Tax Receivable	4	22 765 119	28 585 699
Receivables from non-exchange transactions	5	32 976 394	11 785 073
Receivables from exchange transactions	6	61 369 321	30 999 905
Cash and cash equivalents	7	24 516 984	32 521 371
Total current assets		**143 893 518**	**105 100 708**
Property, plant and equipment	8	703 256 551	760 693 079
Investment property	9	138 836 266	140 639 278
Intangible assets	10	96 148	81 431
Heritage assets	11	1 484 269	1 484 269
Total non-current assets		**843 673 234**	**902 898 057**
Total assets		**987 566 752**	**1 007 998 765**
Liabilities			
Current liabilities			
Provisions	13	6 318 925	3 441 495
Finance lease obligations	14	439 536	3 406 419
Consumer deposits	15	3 874 094	3 635 126
Payables from exchange transactions	16	413 904 064	372 140 732
Employee benefit obligation	17	12 566 762	11 909 517
Unspent conditional grants and receipts	18	18 929 859	22 879 238
Total current liabilities		**456 033 240**	**417 412 527**
Non-current liabilities			
Provisions	13	132 158 607	119 651 469
Finance lease obligations	14	730 924	-
Employee benefit obligation	17	29 301 000	26 368 000
Total non-current liabilities		**162 190 531**	**146 019 469**
Total liabilities		**618 223 771**	**563 431 996**
Total net assets and liabilities		**987 566 752**	**1 007 998 765**
Net Assets		**369 342 981**	**444 566 769**
Accumulated surplus		**369 342 981**	**444 566 769**

NAMA KHOI MUNICIPALITY
(Registration Number NC062)
Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in R	Notes	30 June 2022	Restated 30 June 2021
Revenue from exchange transactions			
Service charges	19	167 175 959	151 260 774
Sale of goods and rendering of services	20	605 831	598 963
Rent on land	21	1 088 161	1 094 927
Rental from fixed assets	22	2 545 993	2 802 674
Interest earned - External investments	23	1 330 026	1 601 701
Interest Earned - Exchange Transactions	24	10 649 188	8 754 441
Agency Services		379 203	398 436
Operational Revenue	26	1 587 256	380 065
Total revenue from exchange transactions		**185 361 617**	**166 891 981**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	51 698 617	49 646 671
		51 698 617	**49 646 671**
Transfer Revenue			
Government grants and subsidies	28	73 179 001	93 016 221
		73 179 001	**93 016 221**
Other Revenue			
Availability Charges	29	1 068 140	464 933
Fines, Penalties and Forfeits		770 273	528 287
Interest earned - Non exchange transactions	25	2 555 223	2 029 158
Licences and Permits	30	1 233 105	1 180 460
		5 626 741	**4 202 838**
Total revenue from non-exchange transactions		**130 504 359**	**146 865 730**
Total revenue		**315 865 976**	**313 757 711**
Expenditure			
Employee related costs	31	(98 703 705)	(96 928 035)
Remuneration of councillors	32	(6 708 123)	(6 515 591)
Depreciation and amortisation	34	(77 774 686)	(65 978 368)
Finance cost	35	(19 414 351)	(15 354 556)
Bulk purchases	36	(104 477 113)	(85 867 667)
Inventory consumed	3	(39 843 581)	(35 242 264)
Operational cost	37	(39 410 591)	(35 856 498)
Provision for impairments adjustment	38	6 935 560	(32 709 912)
Total Expenditure		**(386 039 819)**	**(374 452 891)**
Assets written off/ Gain or (Loss) on disposal of assets		(3 591 553)	(1 385 058)
Actuarial gains/ (losses)	33	(1 419 000)	1 573 118
Inventory write off		(6 682 621)	(14 267 074)
Deficit for the year		**(75 223 788)**	**(74 774 194)**

Statement of Changes in Net Assets

Figures in R	Accumulated surplus	Total
Balance at 1 July 2020 as previously reported	531 541 364	531 541 364
Effects of prior period errors - Refer to Note 52	(12 200 401)	(12 200 401)
Balance at 1 July 2020 as restated	519 340 963	519 340 963
Changes in net assets		
Deficit for the year	(74 774 194)	(74 774 194)
Balance at 30 June 2021 as restated	**444 566 769**	**444 566 769**
Balance at 1 July 2021 as previously reported	552 623 250	552 623 250
Effects of prior period errors - Refer to Note 52	(108 056 481)	(108 056 481)
Balance at 1 July 2021 as restated	444 566 769	444 566 769
Changes in net assets		
Deficit for the year	(75 223 788)	(75 223 788)
Balance at 30 June 2022 as restated	**369 342 981**	**369 342 981**

Statement of Cash Flows

Figures in R	Notes	30 June 2022	30 June 2021
Receipts			
Property rates		45 382 311	46 246 267
Service charges		144 522 834	129 318 823
Other revenue		7 146 173	4 725 220
Transfers and Subsidies - Operational		58 433 520	63 982 000
Transfers and Subsidies - Capital		23 997 256	41 611 658
Interest		1 330 026	1 601 701
Gross cash receipts		**280 812 120**	**287 485 669**
Suppliers and employees		(255 910 312)	(261 845 303)
Finance charges		(10 201 323)	(5 245 886)
Payments to suppliers for finance leases			
Payments to suppliers for operating leases		-	-
Gross cash payments		**(266 111 635)**	**(267 091 189)**
Net cash flows from operations	39	**14 700 484**	**20 394 481**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(20 707 881)	(26 409 430)
Cash flows used in investing activities		**(20 707 881)**	**(26 409 430)**
Cash flows used in financing activities			
Repayment of other financial liabilities		(2 235 959)	(4 160 995)
Increase or (decrease) in consumer deposits)		238 968	215 811
Cash flows used in financing activities		**(1 996 991)**	**(3 945 184)**
Net decrease in cash and cash equivalents		**(8 004 387)**	**(9 960 134)**
Cash and cash equivalents at beginning of the year		32 521 371	42 481 505
Cash and cash equivalents at end of the year		**24 516 984**	**32 521 371**

NAMA KHOI MUNICIPALITY

(Registration Number NC062)
Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts
Statement of financial performance

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual
Revenue					
Property rates	51 498 603	884 858	52 383 461	51 698 617	684 844
Service charges	185 264 212	(1 869 800)	183 394 412	167 175 959	16 218 453
Investment revenue	1 719 904	(434 126)	1 285 778	1 330 026	(44 248)
Transfers recognised-operational	58 435 000	-	58 435 000	58 433 520	1 480
Other own revenue	16 977 061	719 087	17 696 148	22 317 107	(4 620 959)
Total Revenue (excluding capital transfers and contributions)	**313 894 780**	**(699 981)**	**313 194 799**	**300 955 229**	**12 239 570**

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual
Expenditure					
Employee related costs	106 937 532	-	106 937 532	98 703 705	8 233 827
Remuneration of councillors	6 211 101	-	6 211 101	6 708 123	(497 022)
Debt impairment	-	-	-	(6 935 560)	6 935 560
Depreciation & asset impairment	38 525 878	-	38 525 878	77 774 686	(39 248 808)
Finance charges	-	-	-	19 414 351	(19 414 351)
Inventory consumed and bulk purchases	160 990 522	928 593	161 919 115	150 963 923	10 955 192
Other expenditure	78 498 594	25 624 947	104 123 541	39 410 591	64 712 950
Total Expenditure	**391 163 627**	**26 553 540**	**417 717 167**	**397 732 993**	**19 984 174**
(Deficit) / surplus for the year	**(77 268 847)**	**(27 253 521)**	**(104 522 368)**	**(96 777 764)**	**(7 744 604)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	31 962 000	(9 365 140)	22 596 860	**14 745 481**	7 851 379
(Deficit) / surplus for the year	**(45 306 847)**	**(36 618 661)**	**(81 925 508)**	**(82 032 283)**	**106 775**

NAMA KHOI MUNICIPALITY

(Registration Number NC062)
Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Statement of Financial Position

	Note	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual
Assets						
Current assets						
Cash		(26 349 518)	(17 278 301)	(43 627 819)	1 196 143	(44 823 962)
Call investment deposits		-	8 719 521	8 719 521	23 320 841	(14 601 320)
Consumer debtors	5	54 469 134	(12 151 645)	42 317 489	61 369 321	(19 051 832)
Other debtors	6	26 291 181	(669 514)	25 621 667	55 741 513	(30 119 846)
Inventory	3	1 099 052	(3 742 732)	(2 643 680)	2 265 700	(4 909 380)
Total current assets		**55 509 849**	**(25 122 671)**	**30 387 178**	**143 893 518**	**(113 506 340)**
Non-current assets						
Long-term receivables		-	(5 105 499)	(5 105 499)	-	(5 105 499)
Investment property	8	301 629 043	(62 106 407)	239 522 636	138 836 266	100 686 370
Property, plant and equipment	10	724 876 149	78 043 110	802 919 259	703 256 551	99 662 708
Intangible		45 780	25 959	71 739	96 148	(24 409)
Other non-current assets	11	1 484 269	-	1 484 269	1 484 269	-
Total non-current assets		**1 028 035 241**	**10 857 163**	**1 038 892 404**	**843 673 234**	**195 219 170**
		-	-	-		-
Total assets		**1 083 545 090**	**(14 265 508)**	**1 069 279 582**	**987 566 752**	**81 712 830**

Statement of Comparison of Budget and Actual Amounts

		Approved budget	Adjustments	Final budget	Actual amount on comparable basis	Difference between final budget and actual
Liabilities						
Current liabilities						
Borrowing	15	3 406 419	26 622	3 433 041	730 924	2 702 117
Consumer deposits		3 378 885	(47 843)	3 331 042	3 874 094	(543 052)
Trade and other payables		375 588 723	18 704 484	394 293 207	432 833 923	(38 540 716)
Provisions		52 096 386	(34 273 755)	17 822 631	6 318 925	11 503 706
Employee Benefit Obligation				-	12 566 762	(12 566 762)
Total current liabilities		**434 470 413**	**(15 590 492)**	**418 879 921**	**456 324 628**	**(37 444 707)**
Non-current liabilities						
Borrowing		517 568	(544 190)	(26 622)	730 924	(757 546)
Provisions		44 936 154	100 609 744	145 545 898	132 158 607	13 387 291
Employee Benefit Obligation			19 107 000	19 107 000	29 301 000	(10 194 000)
Total non-current liabilities		**45 453 722**	**119 172 554**	**164 626 276**	**162 190 531**	**2 435 745**
		-	-	-	-	-
Total liabilities		**479 924 135**	**103 582 062**	**583 506 197**	**618 515 159**	**(35 008 962)**
Net assets		**603 620 955**	**(117 847 570)**	**485 773 385**	**369 051 593**	**116 721 792**
		-	-	-	-	-
Accumulated surplus		603 620 953	(117 847 570)	485 773 383	369 342 980	116 430 403
Total net assets		**603 620 953**	**(117 847 570)**	**485 773 383**	**369 342 980**	**116 430 403**

NAMA KHOI MUNICIPALITY

(Registration Number NC062)
Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual
Cashflow statement					
Receipts					
Property rates	40 189 605	6 821 736	47 011 341	45 382 311	1 629 030
Service charges	166 292 302	685 410 385	851 702 687	144 522 834	707 179 853
Other revenue	5 652 215	8 742 693	14 394 908	7 146 173	7 248 735
Transfers and Subsidies - Operational	58 435 000	(19 733 784)	38 701 216	58 433 520	(19 732 304)
Transfers and Subsidies - Capital	31 962 000	(9 365 140)	22 596 860	23 997 256	(1 400 396)
Interest	1 719 904	(1 719 904)	-	1 330 026	(1 330 026)
Dividends	-	-	-		-
	304 251 026	**670 155 986**	**974 407 012**	**280 812 120**	**693 594 892**
Payments					
Suppliers and employees	(220 612 427)	(339 130 177)	(559 742 604)	(255 910 312)	(303 832 292)
	(220 612 427)	**(339 130 177)**	**(559 742 604)**	**(266 111 635)**	**(293 630 969)**
Net cashflow from operations	**83 638 599**	**331 025 809**	**414 664 408**	**14 700 485**	**399 963 923**
Cash flows used in investing activities					
Capital assets	-	(23 796 860)	(23 796 860)	(20 707 881)	
Cash flows used in investing activities	**-**	**(23 796 860)**	**(23 796 860)**	**(20 707 881)**	**-**
Net decrease in cash and cash equivalents	**83 638 599**	**307 228 949**	**390 867 548**	**(5 768 428)**	**399 963 923**
Cash and cash equivalents at beginning of the year	104 021	20 303 615	20 407 636	32 521 371	(12 113 735)
Cash and cash equivalents at end of the year	83 742 620	327 532 564	411 275 184	24 516 984	387 850 188

Details on the variances - Refer to Note 57 Budget Information

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) effect on 1 July 2017. The mSCOA Charts are updated annually by the National Treasury. The municipality has realigned items in the financial statements with the Standards of Generally Recognised Accounting Practice (GRAP). The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2019 audited amounts are set out in note 51 of the annual financial statements.

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.5 AMENDED DISCLOSURE POLICY

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

1.6 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7 PRESENTATION OF BUDGET INFORMATION

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

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

The comparable information includes the following:

• the approved and final budget amounts;
• actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes 57 to the Financial Statements.

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

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

1.8 LEASES

1.8.1 Municipality as Lessee

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

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

1.8.2 Municipality as Lessor

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

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

1.9 BORROWING COST

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

1.10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.11 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

The following provisions are set for the creation and utilisation of grant receivables:
• Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.12 UNSPENT PUBLIC CONTRIBUTIONS

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

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

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:
• Unspent public contributions are recognised as a liability when the grant is received.
• When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
• The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
• Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13 PROVISIONS

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

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

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
• the business or part of a business concerned;
• the principal locations affected;
• the location, function and approximate number of employees who will be compensated for terminating their services;
• the expenditures that will be undertaken; and
• when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

1.14 EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

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

(b) Post-Retirement Medical Obligations

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

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

(c) Long Service Awards

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

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

(d) Staff Leave

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

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

Accumulated leave is vesting.

(e) Staff Bonuses

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

(f) Other Short-term Employee Benefits

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.15 PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

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

1.15.2 Subsequent Measurement – Cost Model

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

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

1.15.3 Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

Land and Buildings	**Years**
Land	Indefinite
Buildings	5 - 60 years
Infrastructure	
Roads and Streets	5 - 80 years
Storm Water	5 - 80 years
Electricity	10 - 60 years
Water	5 - 80 years
Sanitation	10 - 60 years
Waste Management	5 - 80 years
Other	30 years
Community	
Recreation Facilities	10 - 60 years
Community Facilities	10 - 60 years
Finance lease assets	
Office equipment	3 - 5 years
Other assets	2 - 5 years
Other	
Motor Vehicles	5 - 15 years
Furniture and other Office equipment	5 - 15 years
Furniture and fittings	5 - 15 years
Plant and Equipment	2 - 15 years
Computer equipment	3 - 10 years

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

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.15.4 De-recognition

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.16 INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:
• is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
• arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
• the municipality intends to complete the intangible asset for use or sale;
• it is technically feasible to complete the intangible asset;
• the municipality has the resources to complete the project;
• it is probable that the municipality will receive future economic benefits or service potential; and
• the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	2 - 5 years
Computer Software Licenses	2 - 5 years

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

1.16.4 De-recognition

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

1.17 INVESTMENT PROPERTY

1.17.1 Initial Recognition

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

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

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of selfconstructed investment property is measured at cost.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Cost Model

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	10 - 50 years

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

1.17.4 De-recognition

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

1.18 HERITAGE ASSETS

1.18.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.18.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.18.3 Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

1.18.4 De-recognition

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

1.19 IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash generating assets

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

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

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

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

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

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

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

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

1.19.2 Non-cash-generating assets

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

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

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

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

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

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

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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation
decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.20 INVENTORIES

1.20.1 Initial Recognition

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

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

1.20.2 Subsequent Measurement

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

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

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by Telemetry readings and the calculated volume in the distribution network. Where telemetry reading is not available, water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.21 FINANCIAL INSTRUMENTS

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.21.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.21.2 Subsequent Measurement

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

Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

Payables and Annuity Loans

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

Cash and Cash Equivalents

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

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

Non-Current Investments

Investments and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

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

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

1.21.3 De-recognition

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
• the rights to receive cash flows from the asset have expired; or
• the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

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

Financial Liabilities

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

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

1.21.4 Offsetting of Financial Instruments

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

1.22 STATUTORY RECEIVABLES

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

1.22.1 Initial Recognition

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

1.22.2 Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:
(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.22.3 Derecognition

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

1.22.4 Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences from 1 June 2019 and will utilised until the period ending 30 June 2022.

1.23 REVENUE

1.23.1 Revenue from Non-Exchange Transactions

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

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

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

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

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

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

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

1.23.2 Revenue from Exchange Transactions

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
• The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
• The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
• The amount of revenue can be measured reliably;
• It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
• The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

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

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

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

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

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

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

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

1.24 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

Identification

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

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

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

1.25 RELATED PARTIES

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
• has control or joint control over the Municipality.
• has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
• is a member of the management of the Municipality or its controlling entity.

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

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:
(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:
(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.26 UNAUTHORISED EXPENDITURE

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

1.27 IRREGULAR EXPENDITURE

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

1.28 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.29 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Management judgement is required when recognising and measuring contingent liabilities.

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

1.30 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 14 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Impairment of Statutory Receivables

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:
• The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
• Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
• The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

The cost for depreciated replacement cost was determined by using either one of the following:
• Cost of items with a similar nature currently in the Municipality's asset register;
• Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
• Cost as supplied by suppliers.

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

Intangible Assets

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

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

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

Investment Property

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

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:
• The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
• The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

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

Provisions and Contingent Liabilities

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

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:
• Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

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

Pre-paid electricity estimation

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS continued...

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

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

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

1.31 TAXES – VALUE ADDED TAX

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

1.32 CAPITAL COMMITMENTS

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

1.33 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
• those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
• those are indicative of conditions that arose after the reporting date (nonadjusting events after the reporting date).

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

2. New standards and interpretations

New standards and interpretations continued...

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 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
iGRAP7 :Limit on a defined benefit asset min fund requirement and interact	Approved but not yet effective	Unlikely there will be a material impact
iGRAP21 :The effects of past decisions on materiality	01 April 2023	Unlikely there will be a material impact

Figures in R	30 June 2022	Restated 30 June 2021

3. Inventories

Inventories comprise:

Consumables	1 758 608	819 287
Materials and supplies	191 990	154 796
Water	315 102	234 577
	2 265 700	**1 208 660**

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Inventories recognise as an expense during the year:

Consumables	39 585 370	34 849 579
Material and supplies	258 211	392 685
Inventory consumed	**39 843 581**	**35 242 264**
Total Inventories recognise as an expense during the year	**39 843 581**	**35 242 264**

Inventories written down due to losses as identified during the annual stores counts:

Consumables	6 682 621	14 267 074
Total	**6 682 621**	**14 267 074**

No inventories were pledged as security for liabilities.

4. Value Added Tax

Value Added Tax comprise the following balances

VAT Payable	(490 816)	-
VAT Output in Suspense	(44 882 212)	(37 578 881)
	(45 373 028)	**(37 578 881)**
VAT receivable	-	6 354 725
VAT input suspense	68 138 147	59 809 855
	68 138 147	**66 164 580**
Net VAT Receivable	**22 765 119**	**28 585 699**

Figures in R	30 June 2022	Restated 30 June 2021

5. Receivables from non-exchange transactions
Net receivables from non-exchange transactions comprise:

Taxes - Rates	64 357 772	55 486 244
Availability Charges	3 367 460	2 458 203
Fines	3 178 474	2 550 574
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	414 945	414 945
Other Receivables	1 835 512	1 581 783
	73 154 163	**62 491 749**
Less: Provision for impairment	(40 177 769)	(50 706 676)
Total Receivables from non-exchange transactions	**32 976 394**	**11 785 073**

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 1

Ageing

(Rates): Ageing

Current (0 - 30 days)	4 349 916	3 881 788
31 - 60 Days	1 986 543	1 819 158
61 - 90 Days	1 192 295	1 208 487
+ 90 Days	56 829 019	48 576 811
Total	**64 357 772**	**55 486 244**

(Availability Charges): Ageing

Current (0 - 30 days)	134 047	70 784
31 - 60 Days	100 711	53 265
61 - 90 Days	93 725	50 144
+ 90 Days	3 038 977	2 284 011
Total	**3 367 460**	**2 458 203**

Figures in R	30 June 2022	Restated 30 June 2021

Receivables from non-exchange transactions continued...

Summary of Debtors (Rates) by Customer Classification

30 June 2022	Residential	Industrial/ Commercial	National and Provincial Government	Total
Current (0 - 30 days)	2 704 367	1 277 023	98 167	**4 079 557**
31 - 60 Days	1 440 071	450 289	96 183	**1 986 543**
61 - 90 Days	798 530	335 360	58 405	**1 192 295**
+ 90 Days	43 903 735	9 478 246	3 717 394	**57 099 375**
Sub-total	**48 846 703**	**11 540 919**	**3 970 149**	**64 357 770**
Less: Provision for debt impairment				(40 177 769)
Total debtors by customer classification				**24 180 001**

30 June 2021	Residential	Industrial/ Commercial	National and Provincial Government	Total
Current (0 - 30 days)	2 644 288	1 142 986	94 514	**3 881 788**
31 - 60 Days	1 351 182	417 159	50 817	**1 819 158**
61 - 90 Days	887 894	287 731	32 863	**1 208 488**
+ 90 Days	38 756 541	7 343 156	2 477 110	**48 576 807**
Sub-total	**43 639 905**	**9 191 033**	**2 655 304**	**55 486 241**
Less: Provision for debt impairment				(50 706 676)
Total debtors by customer classification				**4 779 565**

Reconciliation of Provision for Debt Impairment

	30 June 2022	30 June 2021
Balance at beginning of year	50 706 676	44 379 774
Contribution to provision	(10 528 907)	6 326 902
Balance at end of year	**40 177 769**	**50 706 676**

The total amount of this provision consist of:

	30 June 2022	30 June 2021
Taxes	37 076 807	48 161 092
Fines	3 100 962	2 545 584
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**40 177 769**	**50 706 676**

Figures in R	30 June 2022	Restated 30 June 2021

6. Receivables from exchange transactions

Net receivables from exchange transactions comprise:

Electricity	87 698 205	77 537 424
Water	80 121 731	64 295 483
Property Rentals	5 195 764	5 133 145
Waste Management	41 230 287	36 251 418
Waste Water Management	19 223 008	16 949 212
Other Arrears	10 421 989	9 127 497
Total: Receivables from exchange transactions (before provision)	**243 890 984**	**209 294 179**
Less: Impairment	(182 521 663)	(178 294 274)
Total: Receivables from exchange transactions (after provision)	**61 369 321**	**30 999 905**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

Ageing

(Electricity): Ageing

Current (0 - 30 days)	11 108 386	8 245 603
31 - 60 Days	2 272 389	2 975 871
61 - 90 Days	1 477 012	2 132 666
+ 90 Days	72 840 418	64 183 283
Total	**87 698 205**	**77 537 424**

(Water): Ageing

Current (0 - 30 days)	11 303 353	3 122 888
31 - 60 Days	5 254 859	2 037 370
61 - 90 Days	1 475 056	1 458 257
+ 90 Days	62 088 463	57 676 968
Total	**80 121 731**	**64 295 483**

(Property Rentals): Ageing

Current (0 - 30 days)	880 438	484 299
31 - 60 Days	266 168	174 840
61 - 90 Days	93 940	154 158
+ 90 Days	3 955 217	4 319 848
Total	**5 195 764**	**5 133 145**

Figures in R	30 June 2022	Restated 30 June 2021

Receivables from exchange transactions continued...

(Waste Management): Ageing

Current (0 - 30 days)	1 559 915	1 454 267
31 - 60 Days	926 623	895 792
61 - 90 Days	653 220	640 623
+ 90 Days	38 090 529	33 260 736
Total	**41 230 287**	**36 251 418**

(Waste Water Management): Ageing

Current (0 - 30 days)	1 136 694	254 743
31 - 60 Days	597 038	597 818
61 - 90 Days	383 565	381 972
+ 90 Days	17 105 711	15 714 679
Total	**19 223 008**	**16 949 212**

(Other): Ageing

Current (0 - 30 days)	226 986	320 369
31 - 60 Days	137 484	132 025
61 - 90 Days	102 301	95 062
+ 90 Days	9 955 218	8 580 042
Total	**10 421 989**	**9 127 497**

(Total): Ageing

Current (0 - 30 days)	26 215 773	13 882 169
31 - 60 Days	9 454 560	6 813 715
61 - 90 Days	4 185 094	4 862 738
+ 90 Days	204 035 557	183 735 557
Total	**243 890 983**	**209 294 180**

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	178 383 199	154 450 249
Contribution to provision	4 138 464	23 932 950
Balance at end of year	**182 521 663**	**178 383 199**

Figures in R	30 June 2022	Restated 30 June 2021

7. Cash and cash equivalents

Cash and cash equivalents comprise:

Cash		
Cash on hand	17 150	26 501
Balances with banks	1 178 993	3 353 038
Total cash	**1 196 143**	**3 379 539**
Cash equivalents		
Short term investments	23 320 841	29 141 832
Total cash equivalents	**23 320 841**	**29 141 832**
Total cash and cash equivalents included in current assets	**24 516 984**	**32 521 371**

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

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 4052704442 (Primary Bank Account):	-	(27)
NEDBANK Limited - Account Number 1192371690 (Primary Bank Account):	1 178 993	3 353 065
	1 178 993	**3 353 038**

Call Deposits and Investments

NEDBANK Limited - Account Number 03/7881154713 (Library)	19 833	39 644
NEDBANK Limited - Account Number 03/7881154683 (FMG)	34 566	166 708
NEDBANK Limited - Account Number 03/7881154675 (Land Sales):	4 737 285	4 304 486
NEDBANK Limited - Account Number 03/7881154780 (MIG):	11 187 800	6 482 950
NEDBANK Limited - Account Number 03/7881154667 (Housing):	1 947 884	2 262 806
NEDBANK Limited - Account Number 03/7881154659 (DME):	1 781 000	1 000
NEDBANK Limited - Account Number 03/7881154705 (NDM):	550 000	550 000
NEDBANK Limited - Account Number 03/7881154691 (MSIG):	975	975
NEDBANK Limited - Account Number 03/7881154721 (EPWP):	1 000	70 122
NEDBANK Limited - Account Number 03/7881154748 (ACIP):	2 013 058	14 215 700
NEDBANK Limited - Account Number 03/7881154756 (LG SETA):	228 580	228 580
NEDBANK Limited - Account Number 03/7881154764 (Drought Relief):	818 860	818 861
	23 320 841	**29 141 832**

Cash and cash equivalents continued...

Details of current accounts are as follow:

Account number / Description	Bank statement balances			Cash book balances		
	June 30 2022	**June 30 2021**	**June 30 2020**	**June 30 2022**	**June 30 2021**	**June 30 2020**
Primary bank accounts						
ABSA Bank Limited - Account Number 4052704442 (Primary Bank Account):	-	-	3 621 925	-	(27)	(47 652 220)
NEDBANK Limited - Account Number 1192371690 (Primary Bank Account):	1 178 993	3 587 363	10 948 302	(2 174 072)	3 353 065	63 134 092
	1 178 993	**3 587 363**	**14 570 227**	**(2 174 072)**	**3 353 038**	**15 481 872**
Investments						
Nedbank call deposit - 03/7881154713 (Library account)	19 833	39 644	-	19 833	39 644	(4 404)
Nedbank call deposit - 03/7881154683 (FMG)	34 566	166 708	193 153	34 566	166 708	193 153
Nedbank call deposit - 03/7881154675 (Land sales)	4 737 285	4 166 588	2 918 299	4 737 285	4 304 486	3 061 677
Nedbank call deposit - 03/7881154780 (MIG)	11 187 800	6 188 868	5 439 644	11 187 800	6 482 950	5 436 032
Nedbank call deposit - 03/7881154667 (Housing)	1 947 884	2 262 806	2 248 827	1 947 884	2 262 806	2 248 827
Nedbank call deposit - 03/7881154659 (DME)	1 781 000	1 000	(20 630)	1 781 000	1 000	(20 631)
Nedbank call deposit - 03/7881154705 (NDM)	550 000	550 000	550 000	550 000	550 000	550 000
Nedbank call deposit - 03/7881154691 (MSIG)	975	975	975	975	975	975
Nedbank call deposit - 03/7881154721 (EPWP)	1 000	70 122	259 151	1 000	70 122	259 151
Nedbank call deposit - 03/7881154748 (ACIP)	2 013 058	14 509 782	14 150 337	2 013 058	14 215 700	14 146 939
Nedbank call deposit - 03/7881154756 (LGSETA)	228 580	228 580	228 521	228 580	228 580	228 521
Nedbank call deposit - 03/7881154764 (Drought relief)	818 860	818 860	818 860	818 860	818 861	816 603
	23 320 841	**29 003 933**	**26 787 137**	**23 320 841**	**29 141 832**	**26 916 843**
	24 499 834	**32 591 296**	**41 357 364**	**21 146 769**	**32 494 870**	**42 398 715**

8. Property, plant and equipment

	2022 Cost / Valuation	2022 Accumulated depreciation and accumulated impairment	2022 Carrying value	2021 Cost / Valuation	2021 Accumulated depreciation and accumulated impairment	2021 Carrying value
Land	64 017 121	-	64 017 121	64 017 121	-	64 017 121
Buildings	81 119 956	(37 799 456)	42 037 530	79 843 904	(35 702 121)	44 141 783
Infrastructure	1 155 457 726	(661 845 167)	493 612 559	1 145 311 167	(627 002 316)	518 308 851
Landfill Asset	113 425 307	(66 983 498)	46 441 809	107 041 146	(41 806 899)	65 234 247
Community Assets	128 075 918	(87 848 067)	40 227 851	128 169 788	(78 722 969)	49 446 819
Capital work in progress	14 289 048	-	14 289 048	14 540 206	-	14 540 206
Leased Assets	1 377 065	(136 008)	1 241 057	12 136 661	(9 088 463)	3 048 198
Other assets	13 396 446	(12 006 871)	1 389 575	14 857 918	(12 902 064)	1 955 854
	1 571 158 587	**(866 619 067)**	**703 256 550**	**1 565 917 911**	**(805 224 832)**	**760 693 079**

Property, plant and equipment continued...

8.1 Balances at year end and movements for the year

	Land	Buildings	Landfill Asset	Other assets	Infrastructure	Community Assets	Capital work in progress	Leased assets	Total
Reconciliation for the period ended 30 June 2022									
Balance at 1 July 2021									
At cost	64 017 121	79 843 904	107 041 146	14 857 918	1 145 311 167	128 169 788	14 540 206	12 136 661	**1 565 917 911**
Accumulated depreciation	-	(35 702 121)	(41 806 899)	(12 902 064)	(627 002 316)	(78 722 969)	-	(9 088 463)	**(805 224 832)**
Net book value	**64 017 121**	**44 141 783**	**65 234 247**	**1 955 854**	**518 308 851**	**49 446 819**	**14 540 206**	**3 048 198**	**760 693 079**
Movements for the period ended 30 June 2022									
Additions		-	6 384 161	2 202 321	1 025 033	-	11 096 366	1 377 043	**22 084 924**
Transfers	-	-	-	-	11 113 391	-	(11 113 391)	-	**-**
Depreciation	-	(2 077 724)	(25 263 499)	(638 075)	(27 739 825)	(3 373 682)	-	(3 184 184)	**(62 276 989)**
Impairment loss recognised in surplus or deficit	-	(25 374)	(6 723 495)	-	(2 071 918)	(5 815 901)	-	-	**(14 636 689)**
Transfers (to) from work in progress carried at fair value through surplus or deficit	-	-	-	-	-	-	-	-	**-**
Disposals	-	(1 154)		(369 230)	(389 075)	(29 385)	-		**(788 845)**
Expensed	-	-	-	-	-	-	(1 125 093)	-	**(1 125 093)**
Change in provision	-	-	-	-	-	-	-	-	**-**
Property, plant and equipment at end of year	**64 017 121**	**42 037 530**	**39 631 414**	**3 150 870**	**500 246 457**	**40 227 851**	**13 398 088**	**1 241 057**	**703 950 388**
Closing balance at 30 June 2022									
At cost	64 017 121	79 836 986	113 425 307	14 977 316	1 155 457 726	128 075 918	13 398 088	1 377 065	**1 570 565 527**
Accumulated depreciation	-	(37 799 456)	(73 793 893)	(11 826 446)	(655 211 269)	(87 848 067)	-	(136 008)	**(866 615 139)**
Net book value	**64 017 121**	**42 037 530**	**39 631 414**	**3 150 870**	**500 246 457**	**40 227 851**	**13 398 088**	**1 241 057**	**703 950 388**

Figures in R

Property, plant and equipment continued...

Reconciliation for the period ended 30 June 2021									
Balance at 1 July 2020									
At cost	119 424 585	80 093 647	111 419 226	14 475 266	1 144 324 933	130 208 837	11 048 173	12 136 661	**1 623 131 328**
Accumulated depreciation	-	(33 463 416)	(21 571 123)	(12 624 147)	(606 108 098)	(75 544 167)	-	(5 040 397)	**(754 351 348)**
Net book value	**119 424 585**	**46 630 231**	**89 848 103**	**1 851 119**	**538 216 835**	**54 664 670**	**11 048 173**	**7 096 264**	**868 779 980**
Movements for the period ended 30 June 2021									
Additions	-	-	134 550	1 050 784	-	-	25 149 960	-	**26 335 293**
Transfer	-	-	-	-	13 724 406	-	(13 724 406)	-	**0**
Depreciation	-	(2 199 805)	(20 181 556)	(785 349)	(27 581 159)	(3 487 306)	-	(4 048 066)	**(58 283 241)**
Impairment loss recognised in surplus or deficit	-	(235 160)	-	-	(5 606 882)	(927 474)	-	-	**(6 769 516)**
Prior period adjustment		-	(83 363)	(123 255)	6 488 066	-	(7 933 521)	-	**(1 652 073)**
Disposals	-	(53 483)	(11 687)	(37 445)	(6 932 415)	(803 071)	-	-	**(7 838 101)**
Revaluation	(55 407 464)	-	-	-	-	-	-	-	**(55 407 464)**
Change in provision	-	-	(4 471 800)	-	-	-	-	-	**(4 471 800)**
Property, plant and equipment at end of year	**64 017 121**	**44 141 783**	**65 234 247**	**1 955 854**	**518 308 851**	**49 446 819**	**14 540 206**	**3 048 198**	**760 693 079**
Closing balance at 30 June 2021									
At cost	64 017 121	79 843 904	107 041 146	14 857 918	1 145 311 167	128 169 788	14 540 206	12 136 661	**1 565 917 911**
Accumulated depreciation	-	(35 702 121)	(41 806 899)	(12 902 064)	(627 002 316)	(78 722 969)	-	(9 088 463)	**(805 224 832)**
Net book value	**64 017 121**	**44 141 783**	**65 234 247**	**1 955 854**	**518 308 851**	**49 446 819**	**14 540 206**	**3 048 198**	**760 693 079**

Figures in R	30 June 2022	Restated 30 June 2021

Property, plant and equipment continued...

8.2 Additional disclosures

Property, Plant and Equipment which is in the process of being constructed or developed:

Infrastructure Assets		
Roads	-	2 152 926
Water Supply	9 734 563	6 096 674
Sanitation	3 663 525	5 368 508
	13 398 088	**13 618 108**
Community Assets	-	922 097
Total Property, Plant and Equipment under construction	**13 398 088**	**14 540 205**

The movements for the year can be reconciled as follows:

Balance at beginning of year	27 276 783	3 842 999
Correction of Error - Note 42.1	(12 736 578)	-
	14 540 205	**3 842 999**
Expenditure during the year	11 096 366	24 364 526
Assets unbundled during the year	(12 238 484)	(13 530 657)
Incorrect recognition	-	(136 663)
Balance at end of year	**13 398 087**	**14 540 205**

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

Infrastructure Assets		
Electricity	-	5 627 891
	-	**5 627 891**

The project is taking longer than expected due to reprioritisation of projects and insufficient funds to complete the project in current year.

Expenditure incurred to repair and maintain Property, Plant and Equipment:

Other materials	2 658 845	1 774 157
Contracted Services	7 979 213	6 750 181
Total Repairs and Maintenance	**10 638 058**	**8 524 338**

Figures in R	30 June 2022	Restated 30 June 2021

9. Investment property

Balances at year end and movements for the year

Reconciliation for the year		
Balance at start of year		
At cost	154 579 139	213 364 762
Accumulated depreciation	(13 940 221)	(13 040 661)
Net book value	**140 638 918**	**200 324 101**
Movements for the year		
Depreciation	(721 171)	(721 198)
Impairment loss recognised in surplus or deficit	(702 541)	(178 363)
Disposals	(378 940)	(20 488)
Prior year adjustment	-	(58 470 400)
Investment property at end of year	**138 836 266**	**140 933 652**
Closing balance at end of year		
At fair value	-	
At cost	154 066 899	154 873 873
Accumulated depreciation	(15 230 633)	(13 940 221)
Net book value	**138 836 266**	**140 933 652**
Revenue from Investment Property		
Revenue derived from the rental of Investment Property	1 260 350	863 810

There is no Investment Property which is in the process of being constructed or developed.

There is no Investment Property that is taking a significantly longer period of time to complete than expected.

There is no Investment Property where construction or development has been halted.

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

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Depreciated Replacement Cost was calculated in accordance with Directive 7.

Figures in R	30 June 2022	Restated 30 June 2021

10. Intangible assets

Reconciliation of changes in intangible assets

	Intangible assets	Total
Reconciliation for the period ended 30 June 2022		
Balance at 1 July 2021		
At cost	405 891	**405 891**
Accumulated amortisation	(324 460)	**(324 460)**
Net book value	**81 431**	**81 431**
Movements for the period ended 30 June 2022		
Additions	41 055	**41 055**
Amortisation	(26 338)	**(26 338)**
Intangible assets at end of period	**96 148**	**96 148**
Closing balance at 30 June 2022		
At cost	446 946	**446 946**
Accumulated amortisation	(350 798)	**(350 798)**
Net book value	**96 148**	**96 148**
Reconciliation for the period ended 30 June 2021		
Balance at 1 July 2020		
At cost	346 062	**346 062**
Accumulated amortisation	(273 120)	**(273 120)**
Net book value	**72 942**	**72 942**
Movements for the period ended 30 June 2021		
Additions	34 540	**34 540**
Amortisation	(26 051)	**(26 051)**
Intangible assets at end of period	**81 431**	**81 431**
Closing balance at 30 June 2021		
At cost	405 891	**405 891**
Accumulated amortisation	(324 460)	**(324 460)**
Net book value	**81 431**	**81 431**

Figures in R	30 June 2022	Restated 30 June 2021

11. Heritage assets

Balances at year end and movements for the year

Reconciliation for the period ended 30 June 2022		Total
Balance at 1 July 2021		
Gross carrying amount	1 484 269	**1 484 269**
Net carrying amount	**1 484 269**	**1 484 269**
Closing balance at 30 June 2022		
Gross carrying amount	1 484 269	**1 484 269**
Net carrying amount	**1 484 269**	**1 484 269**

Reconciliation for the period ended 30 June 2021		
Balance at 1 July 2020		
Gross carrying amount	1 484 269	**1 484 269**
Net carrying amount	**1 484 269**	**1 484 269**
Closing balance at 30 June 2021		
Gross carrying amount	1 484 269	**1 484 269**
Net carrying amount	**1 484 269**	**1 484 269**

The municipality has movable heritage assets located in the Namakwaland Museum. The municipality has determined the fair value of these items on 30 June 2021, as there are no comparable information available to reflect the same market conditions of these assets on GRAP Implementation date. Given the nature of the heritage collection, management expect no significant change in the fair values of these assets between GRAP Implementation date and date of valuation.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

There are no Heritage Assets where construction or development has been halted.

Figures in R	30 June 2022	Restated 30 June 2021

12. Non - Current Receivables from exchange transactions

Receivables with repay arrangements - At amortised cost	5 767 570	5 581 813
Less: Provision for debt impairment	(5 767 570)	(5 581 813)
Total Non-Current Receivables from Exchange Transactions	**-**	**-**

Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	5 581 813	2 994 672
Contribution to provision	185 757	2 587 141
Reversal of provision		-
Balance at end of year	**5 767 570**	**5 581 813**

Figures in R	30 June 2022	Restated 30 June 2021

13. Provisions

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

Environmental rehabilitation	138 477 532	123 092 964
	138 477 532	**123 092 964**

Current	6 318 925	3 441 495
Non - Current	132 158 607	119 651 469
Total Provision	**138 477 532**	**123 092 964**

Reconciliation of provisions - 2022	Opening balance	Additions	Reductions	Closing balance
Environmental rehabilitation	123 092 965	15 384 570	-	138 477 535
	123 092 965	**15 384 570**	**-**	**138 477 535**

Reconciliation of provisions - 2021	Opening balance	Additions	Reductions	Closing balance
Environmental rehabilitation	120 051 095	7 513 670	(4 471 800)	123 092 965
	120 051 095	**7 513 670**	**(4 471 800)**	**123 092 965**

Environmental rehabilitation provision

The provision is made in terms of the licensing stipulations. The Provision has been determined on the basis of the recent independent study by taking into account a number of factors to the design, manner of operations and rehabilitation measures proposed which was assessed, investigated and tested. There is no anticipated environmental harm, groundwater pollution, leachate leakage that could be found. The municipality did not alter any structure and infrustructure to the existing landfill.

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date.
The average of the CPI for the last three months amounted to 6.6085%.

The amount of the discounted landfill closure provision of R138,477,535 represents an increase of R15,384,569 over the provision of R123,092,965 in the previous financial statements.

Rehabilitation and closure report was compiled by Environmental and Sustainability Solutions CC appointed by the Council.

Changes in the present value of provision for landfill rehabilitation are as follows:

Opening balance	123 092 965	120 051 095
Interest charge	9 213 028	7 513 670
Change in landfill closure provision	6 171 542	(4 471 800)
	138 477 535	**123 092 965**

Figures in R	30 June 2022	Restated 30 June 2021

Provisions continued...

Balance as previously reported	-	65 515 761
Prior period adjustments - Refer to note 52.	-	57 577 204
Restated balance	-	**123 092 965**

14. Finance lease obligations

Finance lease obligations comprise:

Finance lease obligation	1 170 460	3 406 419
	1 170 460	**3 406 419**
Non-current liabilities	730 924	-
Current liabilities	439 536	3 406 419
	1 170 460	**3 406 419**

The present value of finance lease liabilities is as follows:

Not later than one year	439 536	3 406 419
Later than one year and not later than five years	730 924	-
	1 170 460	**3 406 419**

Figures in R	30 June 2022	Restated 30 June 2021

15. Consumer deposits

Consumer deposits comprise:

Electricity	1 619 926	1 559 410
Rental Properties	9 175	9 175
Water	2 241 495	2 063 043
Library Books	3 498	3 498
	3 874 094	**3 635 126**

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

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding amount.

16. Payables from exchange transactions

Payables from exchange transactions comprise:

Trade Payables	405 428 760	359 164 860
Control, Clearing and Interface Accounts	2 123 577	3 713 290
Other Payables	746 328	3 031 947
Retentions	1 119 252	1 419 544
Unidentified deposits	4 486 147	4 811 081
Total payables from exchange transactions	**413 904 064**	**372 140 722**

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

Figures in R	30 June 2022	Restated 30 June 2021

17. Employee benefit obligation

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

Employee benefits	41 867 762	38 277 517
	41 867 762	**38 277 517**
Long service award	8 005 000	7 783 000
Post Retirement Health Care Benefits	23 779 000	19 844 000
Staff bonuses	2 018 503	2 149 545
Staff leave	7 420 111	7 890 086
Shortfall in Cape joint pension fund	645 148	610 886
	41 867 762	**38 277 517**
Non - Current		
Long service award	6 292 000	6 996 000
Post Retirement Health Care Benefits	23 009 000	19 372 000
	29 301 000	**26 368 000**
Current		
Long service award	1 713 000	787 000
Post Retirement Health Care Benefits	770 000	472 000
Staff bonuses	2 018 503	2 149 545
Staff leave	7 420 111	7 890 086
Shortfall in Cape joint pension fund	645 148	610 886
	12 566 762	**11 909 517**
Total employee benefits	**41 867 762**	**38 277 517**

Figures in R	30 June 2022	Restated 30 June 2021

Employee benefit obligation continued...

17.1.1 Long Service Award

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

	30 June 2022	30 June 2021
Long service awards	8 005 000	7 783 000
	8 005 000	**7 783 000**

Reconciliation - 2022	**Opening balance**	**Additions**	**Reductions**	**Closing balance**
Long service awards	7 783 000	1 009 000	(787 000)	8 005 000
	7 783 000	**1 009 000**	**(787 000)**	**8 005 000**

Reconciliation - 2021	**Opening balance**	**Additions**	**Reductions**	**Total**
Long service awards	7 409 000	849 438	(475 438)	7 783 000
	7 409 000	**849 438**	**(475 438)**	**7 783 000**

Long Service Award

Employees qualify for the long service awards in terms of the SALGA collective agreement: The employees will qualifies for long service award for every five years of service completed , from ten years of service to 45 years of services in the following manner:

Completed service (Years)	**Long Service Bonus Awards (Number of Days)**	**Determination of cash bonus**
- 10 year	10	3% x annual basic salary
- 15 years	10	4% x annual basic salary
- 20 years	15	5% x annual basic salary
- 25-45 years	15	6% x annual basic salary

In the month that each "Completed Service" milestone is reached, the employee is granted a long service award. Working days awarded are valued at 1/250 of annual earnings per day.

An actuarial valuation of the obligation has been performed by ARCH Actuarial Consulting on all 225 employees that are entitled to long service awards as at 30 June 2022.

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

Carrying value	30 June 2022	30 June 2021
Long service awards - Non current portion	6 292 000	6 996 000
Long service awards - Current portion	1 713 000	787 000
	8 005 000	**7 783 000**

Changes in the present value of the defined benefit obligation are as follows:

Long service awards	30 June 2022	30 June 2021
Opening balance	7 783 000	7 409 000
Net expense or (gain) recognised in the statement of financial performance	222 000	374 000
	8 005 000	**7 783 000**

Figures in R	30 June 2022	Restated 30 June 2021

Employee benefit obligation continued...

Net expense or (gain) recognised in the statement of financial performance in Employee cost.

Current service cost	599 000	559 000
Interest cost	644 000	569 000
Benefit vesting	(787 000)	(475 438)
Acturial (gains) or losses	(234 000)	(278 562)
	222 000	**374 000**

Key assumptions used at the reporting date:

Average retirement age	62 years	62 years
Discount rates used	10.59%	8.70%
Expected increase in salaries	7.27%	5.64%

Figures in R	30 June 2022	Restated 30 June 2021

Employee benefit obligation continued...

17.1.2 Post Retirement Health Care Benefits

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

	30 June 2022	30 June 2021
Post Retirement Health Care Benefits	23 779 000	19 844 000
	23 779 000	**19 844 000**

Reconciliation - 2022	Opening balance	Additions	Reductions	Closing balance
Post Retirement Health Care Benefits	19 844 000	4 407 000	(472 000)	23 779 000
	19 844 000	**4 407 000**	**(472 000)**	**23 779 000**

Reconciliation - 2021	Opening balance	Additions	Reductions	Total
Post Retirement Health Care Benefits	19 067 000	1 325 444	(548 444)	19 844 000
	19 067 000	**1 325 444**	**(548 444)**	**19 844 000**

Post Retirement Health Care Benefits

The valuation of the Post Retirement Health Care Benefit considers all employees, retirees and their dependants whose participation in the health care arrangements entitles them to a post-employment medical aid subsidy.

The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

An actuarial valuation of the obligation has been performed by ARCH Actuarial Consulting on all 241 eligible members as at 30 June 2022.

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

Carrying value

	30 June 2022	30 June 2021
Post Retirement Health Care Benefits - Non current portion	23 009 000	19 372 000
Post Retirement Health Care Benefits - Current portion	770 000	472 000
	23 779 000	**19 844 000**

Changes in the present value of the defined benefit obligation are as follows:

Post Retirement Health Care Benefits

	30 June 2022	30 June 2021
Opening balance	19 844 000	19 067 000
Net expense or (gain) recognised in the statement of financial performance	3 935 000	777 000
	23 779 000	**19 844 000**

		30 June 2021
Balance as previously reported		-
Prior period adjustments - Refer to note 52.		19 844 000
Restated balance		**19 844 000**

Net expense or (gain) recognised in the statement of financial performance in Employee cost.

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

Employee benefit obligation continued...

Current service cost	710 000	594 000
Interest cost	2 044 000	2 026 000
Benefit vesting	(472 000)	(548 444)
Acturial (gains) or losses	1 653 000	(1 294 556)
	3 935 000	**777 000**

Key assumptions used at the reporting date:

Average retirement age	62 years	63 years
Discount rates used	11.82%	10.42%
Health care cost inflation rate	8.44%	6.97%

17.1.3 Staff Bonus

Balance at beginning of year	2 149 545	2 077 346
Contribution to current portion	4 716 607	4 816 170
Expenditure incurred	(4 847 650)	(4 743 971)
Balance at end of year	2 018 502	2 149 545

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

17.1.4 Staff Leave

Balance at beginning of year	7 890 086	7 315 628
Contribution to current portion	1 553 056	1 643 379
Expenditure incurred	(2 023 031)	(1 068 921)
Balance at end of year	7 420 111	7 890 086

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

17.1.5 Shortfall in Cape Joint pension fund

Balance at beginning of year	610 886	302 338
Contribution to current portion	34 262	308 548
Balance at end of year	645 148	610 886

Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. Provision is made for the pro-rata portion owed by the Municipality.

Figures in R	30 June 2022	Restated 30 June 2021

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprise the following balances

National Government Grants	14 634 308	18 783 759
Provincial Government Grants	4 255 189	4 055 117
Other sources	40 362	40 362
	18 929 859	**22 879 238**

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

19. Service Charges

Electricity		
Service Charges	104 620 227	91 668 106
Less: Revenue forgone	(1 321 547)	(915 116)
	103 298 680	**90 752 990**
Water		
Service Charges	44 570 684	41 705 633
Less: Revenue forgone	(7 166 517)	(6 639 543)
	37 404 167	**35 066 090**
Waste Management		
Service Charges	23 140 189	22 056 910
Less: Revenue forgone	(9 015 628)	(8 248 142)
	14 124 561	**13 808 768**
Waste Water Management		
Service Charges	19 156 675	17 742 063
Less: Revenue forgone	(6 808 124)	(6 109 137)
	12 348 551	**11 632 926**
Total Service Charges	**167 175 959**	**151 260 774**

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

20. Sale of goods and services

Building Plan Approval	391 882	341 938
Camping Fees	35 804	37 304
Cemetery and Burial	48 651	48 669
Fire Services	2 392	1 936
Membership Fees	34 665	10 467
Parking Fees	19 317	18 721
Photocopies and Faxes	4 386	5 252
Removal of Restrictions	(4 869)	4 149
Sale of Goods	22 236	70 318
Advertisements	4 057	651
Valuation Services	47 310	59 558
Total Sales of Goods and Rendering of Services	**605 831**	**598 963**

21. Rent on land

Grazing Fees	1 088 161	1 094 927
Total Rent on Land	**1 088 161**	**1 094 927**

22. Rental from fixed assets

Investment Property	1 260 350	863 810
Property, Plant and Equipment	1 285 643	1 938 864
	2 545 993	**2 802 674**

23. Interest earned - external investments

Bank	266 069	349 207
Financial assets	1 063 957	1 252 494
	1 330 026	**1 601 701**

24. Interest earned - Exchange transactions

Trade Receivables	10 649 188	8 754 441
	10 649 188	**8 754 441**

25. Interest earned - Non Exchange transactions

Trade Receivables	2 555 223	2 029 158
	2 555 223	**2 029 158**

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

26. Operational revenue

Administrative Handling Fees	1 022 770	1 795
Commission	59 719	61 662
Staff Recoveries	504 767	316 608
	1 587 256	**380 065**

Figures in R	30 June 2022	Restated 30 June 2021

27. Property rates

Rateable Land and Buildings

Business and Commercial Property	11 785 775	10 539 407
Farm Properties	476 930	490 537
Industrial Property	2 264 298	2 153 116
Mining Properties	736 278	522 941
Municipal Properties	-	24 174
Public Benefit Organisations	873	1 712
Residential Properties	33 434 276	33 014 279
State-owned Properties	5 666 161	5 520 906
Other	215 380	190 520
	54 579 971	**52 457 592**
Less: Revenue forgone	(2 881 354)	(2 810 921)
Total Property Rates	**51 698 617**	**49 646 671**

Valuations

Rateable Land and Buildings

Business and Commercial Property	484 531 000	478 021 500
Industrial Property	119 343 000	119 343 000
Mining Properties	52 381 000	52 365 000
Public benefit organisations	85 276 500	85 276 500
Public Service Infrastructure Properties	94 561 000	94 561 000
Residential Properties	2 072 116 000	2 065 514 400
State-owned Properties	115 069 000	114 665 000
Agricultural Property	700 864 000	694 701 500
Multiple purposes	6 435 000	6 435 000
Total Assessment Rates	3 730 576 500	3 710 882 900

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	0,01617 c/R	0,01617 c/R
Commercial and Industrial	0,02226 c/R	0,02226 c/R
Agricultural	0,0007 c/R	0,0007 c/R

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R15 000 on the valuation is exempted. A further discount of 10% was granted to all indigents and 20% for qualifying pensioners.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

Property rates continued...

The following properties are deemed non-rateable: Municipal properties, churches, creches, old age homes and care centres, public infrastructure and public benefit organisations.

Figures in R	30 June 2022	Restated 30 June 2021

28. Government grants and subsidies

Government Grants and Subsidies - Operating		
Equitable Share	52 965 154	58 762 000
Expanded Public Works Programme Integrated Grant	1 169 000	1 070 000
Local Government Financial Management Grant	2 999 816	3 000 000
Housing	-	800 252
Libraries, Archives and Museums	1 299 550	1 150 000
	58 433 520	**64 782 252**
Government Grants and Subsidies - Capital		
Municipal Infrastructure Grant	5 310 469	14 387 496
Water Services Infrastructure Grant	9 435 012	13 846 473
	14 745 481	**28 233 969**
Total Government Grants and Subsidies	**73 179 001**	**93 016 221**

Included in above are the following grants and subsidies received:

<u>Unconditional</u>		
Equitable Share	52 965 154	58 762 000
	52 965 154	**58 762 000**
<u>Conditional</u>		
Expanded Public Works Programme Integrated Grant	1 169 000	1 070 000
Local Government Financial Management Grant	2 999 816	3 000 000
Libraries, Archives and Museums	1 299 550	1 150 000
Housing	-	800 252
Municipal Infrastructure Grant	5 310 469	14 387 496
Water Services Infrastructure Grant	9 435 012	13 846 473
	20 213 847	**34 254 221**
Total Government Grants and Subsidies	**73 179 001**	**93 016 221**

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

Equitable share	52 965 154	58 762 000
Executive and Council	1 169 000	1 070 000
Finance and Administration	2 999 816	3 000 000
Community and Social Services	1 299 550	1 950 252
Water Management	9 435 012	13 846 473
Waste Water Management	5 310 469	14 387 496
Total Government Grants and Subsidies	**73 179 001**	**93 016 221**

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

Figures in R	30 June 2022	Restated 30 June 2021

Government grants and subsidies continued...

Equitable Share

Grants received	52 965 154	58 762 000
Conditions met - Operating	(52 965 154)	(58 762 000)
Conditions still to be met	**-**	**-**

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

Local Government Financial Management Grant (FMG)

Grants received	2 999 816	3 000 000
Conditions met - Operating	(2 999 816)	(3 000 000)
Conditions still to be met	**-**	**-**

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

Municipal Infrastructure Grant (MIG)

Opening balance	6 481 273	5 344 769
Grants received	10 017 000	15 524 000
Conditions met - Capital	(5 310 469)	(14 387 496)
Conditions still to be met	**11 187 804**	**6 481 273**

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

Integrated National Electrification Grant

Opening balance	-	-
Grants received	1 780 000	
Conditions still to be met	**1 780 000**	**-**

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

Water Services Infrastructure Grant

Opening balance	12 301 599	11 648 072
Grants received	12 000 000	26 700 000
Repaid to National Revenue Fund	(12 853 528)	(12 200 000)
Conditions met - Capital	(9 435 012)	(13 846 473)
Conditions still to be met	**2 013 059**	**12 301 599**

The grant was used for water infrastructure projects.

Expanded Public Works Programme (EPWP)

Figures in R	30 June 2022	Restated 30 June 2021

Government grants and subsidies continued...

Opening balance	887	887
Grants received	1 169 000	1 070 000
Conditions met - Operating	(1 169 000)	(1 070 000)
Conditions still to be met	**887**	**887**

The grant was used for job creation.

Libraries, Archives and Museums

Grants received	1 300 000	1 150 000
Conditions met - Operating	(1 299 550)	(1 150 000)
Conditions still to be met	**450**	**-**

The grant was used to finance library activities.

Department of Water Affairs - (WSACDBP)

Opening balance	510 747	510 747
Conditions still to be met	**510 747**	**510 747**

The grant was allocated for the refurbishment of water infrastructure.

LG SETA

Opening balance	228 576	228 576
Conditions still to be met	**228 576**	**228 576**

The grant was allocated for skills development.

Department Sport, Arts and Culture

Opening balance	308 500	308 500
Conditions still to be met	**308 500**	**308 500**

The grant was received for the building and maintenance of sport fields in the district.

Swimming Pool

Opening balance	450 000	450 000
Conditions still to be met	**450 000**	**450 000**

The grant was received for the building of a swimming pool in the district.

World Cup 2010

Opening balance	52 139	52 139
Conditions still to be met	**52 139**	**52 139**

Figures in R	30 June 2022	Restated 30 June 2021

Government grants and subsidies continued...

The grant was allocated for activities of the 2010 Soccer World Cup.

Municipal Disaster Recovery Grant

Opening balance	817 356	817 356
Conditions still to be met	**817 356**	**817 356**

The grant was used for water infrastructure projects.

Fire Equipment

Opening balance	52 264	52 264
Conditions still to be met	**52 264**	**52 264**

The grant was allocated for the maintenance and upgrade of fire equipment in the area of the municipality.

Wade Project

Opening balance	40 362	40 362
Conditions still to be met	**40 362**	**40 362**

The grant was used for water infrastructure projects in the Buffelsriver.

Housing

Opening balance	1 635 535	2 247 878
Grants received	200 000	600 000
Repaid to National Revenue Fund	(347 626)	
Conditions met - Operating	(412 019)	(1 212 343)
Conditions still to be met	**1 075 890**	**1 635 535**

The grant was used for emergency housing and establishment of housing accreditation office.

Total Grants

Opening balance	22 879 238	21 701 550
Grants received	82 430 970	106 806 000
Repaid to National Revenue Fund	(13 201 154)	(12 200 000)
Conditions met - Operating	(58 845 539)	(65 194 343)
Conditions met - Capital	(14 745 481)	(28 233 969)
Conditions still to be met	**18 518 034**	**22 879 238**

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	18 518 034	22 879 238
Total	**18 518 034**	**22 879 238**

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

29. Availability charges

Water	426 900	300 799
Electricity	462 529	-
Waste Water Management	178 711	164 134
Total Availiability Charges	**1 068 140**	**464 933**

30. Licences and permits

Trading	133 685	78 861
Road and Transport	1 099 420	1 101 599
Total Licences and Permits	**1 233 105**	**1 180 460**

Disclosed as follows:		
Revenue from Non-Exchange Transactions	1 233 105	1 180 460
	1 233 105	**1 180 460**

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

31. Employee related cost

Basic Salaries and Wages	65 220 101	63 570 998
Pension and UIF Contributions	9 353 478	9 566 066
Medical Aid Contributions	2 941 337	2 718 023
Overtime	5 325 641	4 700 643
Bonuses	4 574 544	4 816 044
Motor Vehicle Allowance	3 664 010	3 842 150
Cell Phone Allowance	242 694	274 469
Housing Allowances	1 193 413	1 095 107
Other benefits and allowances	3 856 600	3 447 085
Payments in lieu of leave	1 511 355	1 744 450
Long service awards	820 532	1 153 000
	98 703 705	**96 928 035**

Key management personnel

Only Municipal Manager is appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to her at the end of the contract periods.

Remuneration of key management personnel

Remuneration of the Municipal Manager - Mrs SA Tatas-Titus		
Annual Remuneration	622 125	901 500
Benefits and Allowances	351 113	254 313
Leave Payout	350 316	-
Contributions to UIF, Medical and Pension Funds	1 687	1 687
Total	**1 325 240**	**1 157 500**

Remuneration of the Chief Financial Officer - Mr HE Cloete		
Annual Remuneration	550 147	533 159
Acting allowance	-	40 610
Benefits and Allowances	473 083	211 629
Contributions to UIF, Medical and Pension Funds	2 218	2 218
Total	**1 025 448**	**787 617**

Remuneration of Head : Corporate Services - Mr DC Magerman		
Annual Remuneration	582 844	543 943
Acting allowance (Acting Municipal Manager)	35 938	-
Benefits and Allowances	371 168	211 810
Contributions to UIF, Medical and Pension Funds	2 218	2 218
Total	**992 169**	**757 971**

Remuneration of Head : Technical Services - Mr JS Cloete		
Annual Remuneration	831 999	831 999
Acting allowance	-	8 667
Benefits and allowances	437 582	196 542
Contributions to UIF, Medical and Pension Funds	195 093	-
Total	**1 464 674**	**1 037 209**

Employee related cost continued...

Figures in R	30 June 2022	Restated 30 June 2021
Remuneration of Head: Community Services - RC Hartley		
Acting allowance	-	14 001
Total	**-**	**14 001**
Remuneration of Head: Acting Community Services - H Fielding		
Acting allowance	54 155	-
Total	**54 155**	**-**

Figures in R	30 June 2022	Restated 30 June 2021

32. Remuneration of councillors

VAN DEN HEEVER J E	367 780	313 230
MARKUS D A	-	182 718
GERTZE C E	114 277	313 230
KRITZINGER R	581 033	313 335
KLEINBOOI S	146 417	400 888
COETZEE C G	142 545	390 418
VAN ZYL Y L	114 277	313 230
VAN REENEN P	114 277	313 230
PIETERS G Y	114 277	313 230
DE JONGH ZP	321 403	313 230
VRIES L L	114 277	313 230
RUITER S H	114 277	313 230
JORDAAN W S	408 284	400 993
COETZEE G J	321 403	313 230
VAN SCHALKWYK W	114 277	313 230
CLOETE R J	331 052	904 659
PETERSEN C V	266 720	729 488
CLOETE SJ	321 403	60 793
BOCK G M S	574 143	-
VISSER C	261 866	-
BAADJIES M R	207 126	-
ADAMS R F	207 126	-
JULIE A M	207 126	-
OTTO J F M	207 126	
CLAASEN R S J	207 126	-
CLOETE S	207 126	-
LOSPER J C	207 126	-
POLORI K A	207 126	-
BRITZ W C	207 126	-
Total Councillors' Remuneration	**6 708 122**	**6 515 592**

Figures in R	30 June 2022	Restated 30 June 2021

Remuneration of councillors continued...

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	803 337	48 866	40 493	-	892 696
Speaker	618 710	63 053	39 213	-	720 977
Executive Committee Members	563 584	136 654	78 427	12 904	791 569
Section 79 Committee Chairperson	243 960	52 516	67 406	12 525	376 407
Councillors	2 912 407	377 604	557 801	78 661	3 926 473
Total Councillors' Remuneration	**5 141 998**	**678 693**	**783 341**	**104 091**	**6 708 122**

In-kind Benefits

The Councillors occupying the positions of Mayor, Speaker and certain members of the Executive Committee of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipal

33. Actuarial (gains) or losses

	30 June 2022	30 June 2021
Post retirement healthcare benefits	1 419 000	(1 573 118)
	1 419 000	(1 573 118)

34. Depreciation and amortisation

	30 June 2022	30 June 2021
Property, Plant and Equipment	61 687 948	58 283 241
Impairment	15 339 230	6 947 879
Intangible Assets	26 338	26 051
Investment Property carried at cost	721 171	721 198
Total Depreciation and Amortisation	**77 774 686**	**65 978 368**

35. Finance cost

	30 June 2022	30 June 2021
Long-term Borrowings	247 086	772 822
Non-current Provisions	9 213 028	7 513 670
Non-current Employee Benefits	2 688 000	2 595 000
Payables	7 266 237	4 473 064
Total Finance Costs	**19 414 351**	**15 354 556**

36. Bulk purchases

	30 June 2022	30 June 2021
Electricity	104 477 113	85 867 667
Total Bulk Purchases	**104 477 113**	**85 867 667**

Figures in R	30 June 2022	Restated 30 June 2021

37. Operational Expenses

Advertising, Publicity and Marketing	246 858	340 717
Assets less than the Capitalisation Threshold	39 796	109 962
Audit Fees	4 996 542	4 590 804
Audit Committee	134 218	117 943
Accounting, Auditing and Advisory Services	4 377 813	2 691 764
Bank Charges, Facility and Card Fees	535 770	516 689
Commission	400 645	968 169
Catering Services	369 377	270 988
Clearing and Grass Cutting Services	395 358	87 371
Communication	2 394 676	2 225 567
Contractors Building	225 727	101 177
Contractors Electrical	4 472 400	3 890 764
Contractors Equipment	2 982 534	2 797 877
Contractors Other Assets	893 930	433 180
Eskom Connection Fees	23 022	41 826
External Computer Service	2 428 347	3 432 574
External Personnel and Labour	1 047 897	757 850
Hire Charges	3 301 141	2 515 359
Infrastructure and Planning	224 676	624 751
Insurance Underwriting	1 384 324	1 238 089
Laboratory Services	183 295	127 344
Legal Cost	837 936	1 571 953
Medical Health Services	27 773	121 996
Pest Control and Fumigation	-	500
Printing, Publications and Books	416 640	259 440
Professional Bodies, Membership and Subscription	2 188 206	2 663 388
Registration Fees	250 121	153 938
Remuneration to Ward Committees	279 500	348 000
Road Worthy Test	464 372	370 278
Security Services	969 893	484 657
Temporary Housing Structures	1 125 093	-
Travel and Subsistence	1 481 864	1 692 500
Uniform and Protective Clothing	245 236	145 948
Valuer and Assessors	65 611	100 420
Witness Fees	-	62 715
	39 410 591	**35 856 498**

38. Provision for impairment or (Reversal) adjustment

Receivables from Exchange Transactions - Note 6	4 138 464	23 932 950
Receivables from Non-exchange Revenue - Note 5	(10 528 907)	6 326 902
Non-Current Receivables from Non-Exchange Transactions - Note 12	(545 117)	2 450 060
	(6 935 560)	**32 709 912**

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

39. Cash flows from operating activities

Deficit for the year	**(75 223 788)**	**(74 774 194)**
Adjustments for:		
Depreciation and amortisation	77 774 686	65 978 368
Provisions adjustment	15 384 568	3 041 870
Employee benefit obligation adjustment	3 590 245	1 831 919
Actuarial gain or loss	1 419 000	(1 573 118)
Impairment adjustment	(6 935 560)	32 709 912
Loss/ (profit) on disposal of assets	3 591 553	6 013 136
Inventory write-down to net realisable value	6 682 621	14 267 074
Other non-cash item	(10 093 681)	(12 726 368)
Change in operating assets and liabilities:		
Inventories	(1 057 040)	(109 609)
Receivables from non-exchange transactions	(10 662 415)	(320 492)
Other receivables from exchange transactions	(33 643 216)	(32 333 153)
Payables from exchange transactions	41 763 342	19 880 196
VAT	5 820 580	(3 102 229)
Unspent conditional grants and receipts	(3 949 379)	1 395 358
Consumer deposits	238 968	215 811
Net cash flows from operations	**14 700 484**	**20 394 481**

40. Unauthorised expenditure

Reconciliation of unauthorised expenditure:		
Opening balance	447 848 527	431 187 275
Correction of prior period error	(4 564 292)	-
Restated opening balance	**443 284 235**	**431 187 275**
Unauthorised expenditure current year - operational	17 740 395	16 661 252
Unauthorised expenditure awaiting authorisation	**461 024 630**	**447 848 527**

Figures in R	30 June 2022	Restated 30 June 2021

41. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	56 864 513	56 864 513
Restated opening balance	**56 864 513**	**56 864 513**
Fruitless and wasteful expenditure current year	7 229 574	-
Condoned or written off by Council	(11 939 144)	-
Fruitless and wasteful expenditure awaiting condonement	**52 154 943**	**56 864 513**

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/ criminal proceedings		
Creditors Interest Paid Prior to 1 July 2021	None	34 009 964	34 009 964
SA Post Office Interest Paid	None	8 673	30 312
MH Office Machines Interest Paid	None	97	97
Eskom Penalties and Interest Paid	None	17 982 326	22 425 039
Telkom Interest Paid	None	30 783	14 399
Namaqua Gas Interest Paid	None	60	2 084
Auditor General Interest Paid	None	73 388	126 108
SARS Interest Paid	None	-	184 662
Compensation Fund	None	57	71 847
Absa Card Services	None	10 350	-
TGIS	None	2 585	
Driver's Licence Card Interest	None	504	-
ABCO	None	1 894	-
LA retirement	None	34 262	-
		52 154 943	**56 864 513**

Figures in R	30 June 2022	Restated 30 June 2021

42. Irregular expenditure

Reconciliation of irregular expenditure:

	30 June 2022	30 June 2021
Opening balance	274 050 243	254 582 040
Correction of prior period error	-	-
Restated opening balance	**274 050 243**	**254 582 040**
Irregular expenditure current year inclusive of VAT	14 680 012	19 468 203
Condoned or written off by Council	(3 452 821)	-
Irregular expenditure awaiting further action	**285 277 434**	**274 050 243**

Irregular expenditure can be summarised as follow:

Incident	**Disciplinary steps/ criminal proceedings**	30 June 2022	30 June 2021
Irregular expenditure Prior to 1 July 2021	None	274 050 243	254 582 040
Condoned or written off by Council	None	(3 452 821)	-
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	1 117 237	1 250 783
Deviation from the Supply Chain regulations	None	13 562 775	18 217 420
		285 277 434	**274 050 243**

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

Further instances of Irregular Expenditure that might have resulted from non-compliance with the supply chain management processes are under investigation to determine the full extent of the amount. These expenditure can be summarised as follows:

Incident	**Disciplinary steps/ criminal proceedings**	30 June 2022	30 June 2021
Expenditure contrary to SCM Processes	None	-	-
Deviations from SCM regulations - 3 Quotations not obtained	None	1 117 237	1 250 783
Deviations from SCM regulations	None	13 562 775	18 217 420
		14 680 012	**19 468 203**

Figures in R	30 June 2022	Restated 30 June 2021

43. Additional disclosures in terms of Municipal Finanance Management Act (MFMA)

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

Opening balance	291 648	362 470
Council subscriptions	1 105 271	1 098 674
Amount paid - current year	(869 870)	(807 026)
Amount paid - previous years	(291 648)	(362 470)
Balance unpaid (included in creditors)	**235 401**	**291 648**

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

Opening balance	7 412 218	6 329 300
Restated opening balance	**7 412 218**	**6 329 300**
Current year audit fee	5 631 890	5 396 518
External Audit - Auditor-General	5 561 791	5 322 289
Audit Committee	70 099	74 229
Amount paid - current year	(4 184 929)	(2 449 656)
Amount paid - previous	(2 089 929)	(1 863 944)
Balance unpaid (included in creditors)	**6 769 250**	**7 412 218**

43.3 VAT - [MFMA 125 (1)(c)]

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS.

43.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	-	1 319 583
Correction of prior period error	-	(133 080)
Restated opening balance	**-**	**1 186 503**
Current year payroll deductions	15 449 302	14 836 664
Tax Directives	-	4 500
Amount paid - current year	(15 449 302)	(14 841 164)
Amount paid - previous year	-	(1 186 503)
Balance unpaid (included in creditors)	**-**	**-**

Figures in R	30 June 2022	Restated 30 June 2021

Additional disclosures in terms of Municipal Finanance Management Act (MFMA) continued...

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

Opening balance	-	1 534 809
Correction of prior period error	-	-
Restated opening balance	**-**	**1 534 809**
Current year payroll deductions and Council Contributions	19 788 033	19 145 056
Amount paid - current year	(19 788 033)	(19 145 056)
Amount paid - previous year	-	(1 534 809)
Balance unpaid (included in creditors)	**-**	**-**

43.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June 2022

	Outstanding more than 90 days	Outstanding more than 90 days
SJ Cloete	10 702	15 812
CE Gertze	1 388	6 001
SH Ruiter-Gastehuis	104 645	36 964
WS Jordaan (Wonick)	39 194	-

Additional disclosures in terms of Municipal Finanance Management Act (MFMA) continued...

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

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

30 June 2022		Type of Deviation			
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	44 444	-	-	44 444	-
August	142 209	-	-	142 209	-
September	578 914	-	-	578 914	-
October	572 473	-	-	572 473	-
November	319 089	-	-	319 089	-
December	712 500	-	-	530 800	181 700
January	268 255	-	-	219 234	49 021
February	503 784	103 160	-	400 623	-
March	474 079	-	-	474 079	-
April	507 743	-	-	507 743	-
May	1 096 800	-	-	796 162	300 639
June	475 469	-	-	410 939	64 530
	5 695 761	**103 160**	**-**	**4 996 712**	**595 890**

30 June 2021		Type of Deviation			
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	1 568 939	1 009	-	91 032	1 476 898
August	630 205	30 740	-	217 292	382 173
September	706 347	29 512	-	382 272	294 563
October	1 334 803	-	-	473 057	861 746
November	367 557	-	-	262 628	104 929
December	-	-	-	-	-
January	207 823	-	-	142 359	65 464
February	1 645 994	68 618	-	245 956	1 331 420
March	289 288	-	-	244 981	44 307
April	144 405	-	-	144 405	-
May	511 869	20 815	-	366 394	124 660
June	379 746	-	-	233 864	145 882
	7 786 976	**150 694**	**-**	**2 804 240**	**4 832 042**

43.8 Broad-Based Black Economic Empowerment Act

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

Figures in R	30 June 2022	Restated 30 June 2021

Additional disclosures in terms of Municipal Finanance Management Act (MFMA) continued...

43.9 Material losses

Electricity distribution losses

Units purchased (Kwh)	62 742 123	60 981 731
Units lost during distribution (Kwh)	11 812 964	15 065 693
Percentage lost during distribution	19 %	25 %
Distribution loss (Rand Value)	10 596 767	11 561 779

Electricity losses are due to electricity theft on pre-paid meters and illegal connections.

Water distribution losses

Units purchased (ml)	1 978 019	2 291 279
Units lost during distribution (ml)	339 981	750 173
Percentage lost during distribution	17 %	33 %
Distribution loss (Rand Value)	6 643 229	13 828 688

Normal pipe bursts and field leakages are responsible for water losses.

43.10 Skills Development Levy - [MFMA 125 (1)(c)]

Opening balance	(0)	135 315
Prior period adjustment	-	(126 781)
Restated opening balance	-	8 534
Current year payroll deductions	913 849	735 817
Amount paid - current year	(913 849)	(735 817)
Amount paid - previous year	-	(8 535)
Balance unpaid (included in creditors)	**-**	**(0)**

Figures in R	30 June 2022	Restated 30 June 2021

44. **Financial Risk Management**

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

Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

Price Risk

The municipality is not exposed to price risk.

Interest Rate Risk

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

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

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

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

1%(2022 : 1%) Increase in interest rates	2 193 428	1 777 659
1%(2021 : 1%) Decrease in interest rates	(2 193 428)	(1 777 659)

Credit Risk

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

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

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

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

Financial Risk Management continued...

All rates and services are payable within 30 days from invoice date. Refer to note 5 and 6 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 12 for balances included in receivables that were re-negotiated for the period under review.

	2022 %	2022 R	2021 %	2021 R
Non-Current Receivables				
Repay Arrangements	100.00%	5 767 570	100.00%	5 581 813
Non-exchange Receivables				
Rates	95.03%	64 357 772	95.76%	55 486 244
Availability Charges	4.97%	3 367 460	4.24%	2 458 203
	100 %	**67 725 232**	**100 %**	**57 944 447**
Exchange Receivables				
Electricity	35.96%	87 698 205	37.05%	77 537 424
Water	32.85%	80 121 731	30.72%	64 295 483
Property Rentals	2.13%	5 195 764	2.45%	5 133 145
Waste Management	16.91%	41 230 287	17.32%	36 251 418
Waste Water Management	7.88%	19 223 008	8.10%	16 949 212
Housing Selling Scheme	0.00%	-	0.00%	-
Water and Sanitation Service Authority	0.00%	-	0.00%	-
Abeyance	0.00%	-	0.00%	-
Other Arrears	4.27%	10 421 989	4.36%	9 127 497
	100 %	**243 890 984**	**100 %**	**209 294 179**

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 9 and 10 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

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

	2022 %	2021 R	2020 %	2019 R
Non-Current Receivables				
Repay Arrangements	2.52%	5 767 570	2.38%	5 581 813
Non-exchange Receivables				
Rates	17.59%	40 177 769	21.62%	50 706 676
Availability Charges	0.00%	-	0.00%	-
Exchange Receivables				
Services	79.89%	182 521 663	76.00%	178 294 274
	100 %	**228 467 002**	**100 %**	**234 582 763**

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

Financial Risk Management continued...

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2022		
1 month past due	9 454 560	1 986 543
2+ months past due	208 220 650	58 021 314
	217 675 211	**60 007 857**
2021		
1 month past due	6 813 715	1 819 158
2+ months past due	188 598 295	49 785 298
	195 412 010	**51 604 456**

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

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (Nedbank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

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

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

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

Non-Current Receivables from Exchange Transactions	5 767 570	5 581 813
Receivables from exchange transactions	243 890 984	209 294 179
Receivables from non-exchange transactions	73 154 163	62 491 749
Cash and Cash Equivalents	24 516 984	32 521 371
	347 329 701	**309 889 112**

Liquidity Risk

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

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

Financial Risk Management continued...

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2022				
Long-term Liabilities	439 536	730 924	-	-
Trade and Other Payables	413 904 064	-	-	-
	414 343 600	**730 924**	**-**	**-**
2021				
Long-term Liabilities	3 406 419	-	-	-
Trade and Other Payables	372 140 722	-	-	-
	375 547 141	**-**	**-**	**-**

45. Financial Instruments

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

Figures in R		30 June 2022	Restated 30 June 2021

Financial Instruments continued...

45.1 <u>Financial Assets</u> <u>Classification</u>

Non-Current Receivables			
Receivables with repay arrangements	Financial Instruments at amortised cost	5 767 570	5 581 813
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	87 698 205	77 537 424
Water	Financial Instruments at amortised cost	80 121 731	64 295 483
Property Rentals	Financial Instruments at amortised cost	5 195 764	5 133 145
Waste Management	Financial Instruments at amortised cost	41 230 287	36 251 418
Waste Water Management	Financial Instruments at amortised cost	19 223 008	16 949 212
Other Arrears	Financial Instruments at amortised cost	10 421 989	9 127 497
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	1 178 993	3 353 038
Call Deposits	Financial Instruments at amortised cost	23 320 841	29 141 832
Total Financial Assets		**274 158 388**	**247 370 862**

Summary of financial assets
Financial Instruments at amortised cost:

Long-term Receivables	Receivables with repay arrangements	5 767 570	5 581 813
Receivables from Exchange Transactions	Electricity	87 698 205	77 537 424
Receivables from Exchange Transactions	Water	80 121 731	64 295 483
Receivables from Exchange Transactions	Property Rentals	5 195 764	5 133 145
Receivables from Exchange Transactions	Waste Management	41 230 287	36 251 418
Receivables from Exchange Transactions	Waste Water Management	19 223 008	16 949 212
Receivables from Exchange Transactions	Other Arrears	10 421 989	9 127 497
Cash and Cash Equivalents	Bank Balances	1 178 993	3 353 038
Cash and Cash Equivalents	Call Deposits	23 320 841	29 141 832
Total Financial Assets		**274 158 388**	**247 370 862**

Figures in R		30 June 2022	Restated 30 June 2021

Financial Instruments continued...

45.2 Financial Liabilities — Classification

Financial Liabilities	Classification	30 June 2022	Restated 30 June 2021
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	1 170 460	3 406 419
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	405 428 760	359 164 860
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	2 123 577	3 713 290
Other Payables	Financial Instruments at amortised cost	746 328	3 031 947
Retentions	Financial Instruments at amortised cost	1 119 252	1 419 544
		410 588 377	**370 736 060**

Summary of financial liabilities

		30 June 2022	Restated 30 June 2021
Long-term Liabilities	Capitalised Lease Liability	1 170 460	3 406 419
Trade and Other Payables	Trade Payables	405 428 760	359 164 860
Trade and Other Payables	Control, Clearing and Interface Accounts	2 123 577	3 713 290
Trade and Other Payables	Other Payables	746 328	3 031 947
Trade and Other Payables	Retentions	1 119 252	1 419 544
		410 588 377	**370 736 060**

Figures in R	30 June 2022	Restated 30 June 2021

46. Statutory receivables

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

Taxes		
VAT Payable	(490 816)	-
VAT Receivable	-	6 354 725
Receivables from Non-Exchange Transactions		
Rates	64 357 772	55 486 244
Fines	3 178 474	2 550 574
	67 536 246	58 036 818
Total Statutory Receivables (before provision)	**67 536 246**	**64 391 543**
Less: Provision for debt impairment	(40 177 769)	(50 706 676)
Total Statutory Receivables (after provision)	**27 358 477**	**13 684 867**

Statutory Receivables arises from the following legislation:

Taxes	- Value Added Tax Act (No 89 of 1991)
Rates	- Municipal Properties Rates Act (No 6 of 2004)
Fines	- Criminal Procedurs Act

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

(Rates): Ageing

Current (0 - 30 days)	4 349 916	3 881 788
31 - 60 Days	1 986 543	1 819 158
61 - 90 Days	1 192 295	1 208 487
+ 90 Days	56 829 019	48 576 811
Total	**64 357 772**	**55 486 244**

Reconciliation of Provision for Debt Impairment

Balance at beginning of	50 706 676	44 379 774
Contribution to provision	(10 528 907)	6 326 902
Balance at end of year	**40 177 769**	**50 706 676**

Ageing of amounts past due but not impaired:

1 month past due	1 986 543	1 819 158
2+ months past due	58 021 314	49 785 298
	60 007 857	**51 604 456**

Interest Received from Statutory Receivables

Receivables from Non-Exchange Transactions	2 555 223	2 029 158
	2 555 223	**2 029 158**

Interest is levied at a rate determined by the council on outstanding rates amounts.

Figures in R	30 June 2022	Restated 30 June 2021

Statutory receivables continued...

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences from 1 June 2019 and will utilised until the period ending 30 June 2022.

47. In-kind donations and assistance

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

48. Private public partnership

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

49. Principal-agent arrangements

49.1 Principal in other Principal-Agent Arrangements (non-material)

Nama Khoi Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

The following information is disclosed in aggregate as per GRAP 109 par 61.

Compensation paid for agency activities		
Commission - Note 37	400 645	968 169
Total Compensation	**400 645**	**968 169**

There are no resources under the custodianship of the agents, nor have they been recognised as such.

Figures in R	30 June 2022	Restated 30 June 2021

Principal-agent arrangements continued...

49.2 Agent in arrangement

Nama Khoi Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

Compensation received for agency activities

Agency fees	379 203	398 436
Total Compensation	**379 203**	**398 436**

Nama Khoi municipality was paid a commission fee by Provincial Department of Transport for acting as an agent on its behalf during the financial year.

Reconciliation of Agency Funds and Disbursements

Principal name	Total Agency funds received	Amount remitted to the principal	Variance between amounts received and amounts remitted	Explanation of Variance
Provincial Department of Transport	379 203	379 203	-	
	379 203	**379 203**	**-**	

Figures in R	30 June 2022	Restated 30 June 2021

50. **Contingent liabilities**

The municipality is currently engaged in the following litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

Nama Khoi Municipality / Cornelissen Inc (obo Schreuders Attorneys)
Legal fees charged to the Municipality whcih was not sanctioned by Council. Management's estimate of financial exposure, including costs and disbursements- R1.8 million

IMATU obo RC Hartley / Nama Khoi Municipality (Neville Cloete Attorneys Inc)
Claim for allegedly unpaid Acting Allowance as Acting Head of Department of Community services. Estimated costs exposure approximately R400 000.

Nama Khoi Municipality / Okiep Copper Company (Pty) Ltd (obo Webber Wentzel Attorneys)
This matter involves a summons issued by the Municipality against O'Okiep Copper Company (Pty) Ltd (OCC) for the transfer of the Springbok airfield pursuant to a written sale agreement entered in between the municipality and the OCC in 1994 in terms of which Springbok Municipality (Nama Khoi Local municipality's predecessor) bought the airfield from the OCC. The OCC is defending the action, and has also instituted a counter-claim and as a consequence thereof was claiming (1) an order declaring that the Municipality must vacate the airfield, (2) that the Municipality must pay rental income for the period the Municipality occupied the airfield, and (3) that the Municipality must pay rehabilitation costs for the repair and maintanance of the airfield.The OCC has now amended its plea and as a consequence has done away with it counter-claim for rental and rehabilitation costs. Management's estimate of financial exposure -R500 000.

Nama Khoi Municipality / Afriforum NPC (obo Webber Wentzel Attorneys)
This matter involves an application by Afriforum NPC against the Municipality for declaratory relief pertaining to the appointment of the Head of Department: Technical services. The Municipality has opposed the matter, however the parties are currently attempting to resolve the matter amicably. In the event that the matter can not be resolved amicably and the application is proceeded with, the estimate of financial exposure including legal costs and disbursements will be approximately R200 000 in the event that the application is successful.

Nama Khoi Municipality / Eskom SOC Limited, (Bossr Inc Capetown)
Nama Khoi Municipality and Eskom is currently engaged in Court Proceedings. Nama Khoi Municipality currently holds an Court Order prohibiting Eskom to disconnect the electricity. Litigation on going. Eskom's claim approximately R113mil. Possible claim of the municipality to be quantified.Estimated costs exposure approximately R700 000.

Nama Khoi Municipality / Illegal Miners - Kleinzee (Bossr Inc Capetown)
Review in court over eviction of illegal miners from Kleinzee by De Beers. Currently in discussions and negotiations with De Beers Consolidated mines. De Beers and Municipality currently in negotiations. Estimate costs exposure approximately R300 000.

51. Related parties

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

Related parties continued...

Related Party Transactions

	Rates	Service Charges	Other	Interest	Total Transactions for the Period	
Year ended 30 June 2022						
Councillors						
SJ Cloete	3 501	3 350	-	1 582	8 433	
C E Gertze	236	8 237	144	-	8 617	16 105
L Vries	1 250	2 945	-	-	4 196	
P van Reenen	1 164	3 364	98	-	4 626	
W S Jordaan	40 795	22 966	-	415	64 175	
R Kritzinger	13 114	16 382	-	19	29 515	634
S Kleinbooi	911	4 757	113	3	5 784	
J E v/d Heever	2 587	6 953	-	0	9 540	
SH Ruiter	1 386	2 641	-	9	4 036	
GJ Coetzee	1 205	15 050	-	-	16 255	113 292
ZP De Jongh	11 933	6 024	-	77	18 035	
S Kleinbooi (Desert Inn)	9 715	67 450	-	30	77 195	
SH Ruiter- Gastehuis)	2 271	5 427	-	2 729	10 428	-
W S Jordaan (Wonick)	-	52 329	-	3 640	55 969	-
W Van Schalkwyk	184	1 744	-	-	1 928	20 762
RJ Cloete	1 150	3 095	589	8	4 842	-
GMS Bock	9 056	23 169	-	51	32 275	-
JFM Otto	9 743	6 730	-	43	16 516	-
C Visser	1 626	3 395	25 122	9	30 152	-
S Cloete	3 447	7 739	541	3	11 730	-
RSJ Claasen	1 205	6 222	-	3	7 430	-
AM Julie	1 897	4 943	-	10	6 850	-
	118 376	**274 912**	**26 605**	**8 631**	**428 524**	

NAMA KHOI MUNICIPALITY

(Registration Number NC062)
Financial Statements for the year ended 30 June 2022

Notes to the Financial Statements

Figures in R

Related parties continued...

Municipal Manager and Senior Management

J Cloete	5 821	17 029	-	-	1 318	-
DC Magerman	4 851	5 905	-	-	470	-
R Hartley	14 682	10 722	-	-	2 029	
	25 355	**33 656**	**-**	**-**	**3 817**	**-**

	Rates	Service Charges	Other	Interest	Total Transactions for the Period	
Year ended 30 June 2021						
Councillors						
CW Markus	2 772	5 753	340	-	8 865	-
SJ Cloete	604	479	-	466	1 548	-
C E Gertze	663	7 357	390	-	8 410	-
L Vries	3 517	8 073	-	-	11 590	-
P van Reenen	3 274	9 807	265	1	13 347	-
W S Jordaan	43 425	19 699	-	558	63 681	-
R Kritzinger	13 114	25 611	-	240	38 965	-
S Kleinbooi	2 563	11 360	270	9	14 201	-
J E v/d Heever	2 587	6 714	-	-	9 301	-
SH Ruiter	3 897	6 307	-	24	10 228	-
GJ Coetzee	1 205	13 056	-	-	14 261	-
ZP De Jongh	11 933	7 419	-	46	19 398	-
S Kleinbooi (Desert Inn)	27 324	190 172	-	829	218 325	-
SH Ruiter- Gastehuis)	6 389	14 180	-	6 535	27 103	-
W S Jordaan (Wonick)	-	70 691	-	2 342	73 033	-
W Van Schalkwyk	517	4 697	-	-	5 215	-
RJ Cloete	3 234	8 014	1 600	22	12 870	-

Related parties continued...

	127 018	**409 388**	**2 865**	**11 071**	**550 342**	**-**

Related parties continued...

Municipal Manager and Senior Management

J Cloete	5 821	13 961	-	-	(269)	-
DC Magerman	647	5 028	-	-	3 885	1 640
R Hartley	14 682	11 142	-	-	1 903	-
	21 150	**30 130**	**-**	**-**	**5 519**	**1 640**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party relationship

Councilors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

52. Prior period adjustments

The following prior period errors were identified and the corrections have now been made to amounts previously reported in the annual financial statements of the Municipality.

Cash and Cash Equivalents
Cash and cash equivalents was understated by R41 147,46 as a result of R17,922,52 that had not been recorded on cancelled land sales transactions as well as receipts of R59 069,98 that had not been captured on land sales transactions in 2021.

Receivables from Exchange Transactions
Receivable from exchange transactions were overstated by R600,288 as a result of the following :

Incorrect calculation of impairment provisions	(730 878)
Refunds of landsales not recorded	(41 147)
Reversals of landsales not recorded	223 130
Land sales transactions not recorded	(51 393)
	(600 288)

Investment Property
Investment properties were overstated by R 58 785 262 due to the inclusion of properties that were no longer under the control of the municipality as well as incorrect valuation of investment properties.

Property, Plant and Equipment
Property, plant and equipment was overstated by R57 394 746 due to the following :

Disposal of computer equipment not recorded in 2021	(123 255)
WIP Transfers for 2021 not captured in correct period	(12 736 577)
Solid waste gains not recorded	47 650
Unbundled projects not captured in correct period	10 824 899
Incorrect valuation of land	(55 407 464)
	(57 394 747)

Provisions for impairment Adjustments
Provisions for impairment adjustments had been understated by R730 738 due to provisions for impairments on receivables on exchange which had not been calculated correctly.

Payables from exchange transactions
Payables were understated by R5 315 163 due to the following:

Interest on surchages were not recorded	(232 100)
Incorrect treatment of transactions on control accounts	(135 771)
Incorrect billing of sales to private consumers	2 330 296
Audit fees not accrued	(6 160 570)
Incorrect recording of banking shortfall refunds	130 866
Remuneration of councillors paid using incorrect grading	(370 957)
Incorrectly recorded land sales	(171 737)
Salga membership contributions not recorded	(697 593)
Consumables not accrued	(7 597)
	(5 315 163)

Figures in R	30 June 2022	Restated 30 June 2021

Prior period adjustments continued...

Unspent conditional grants receipts

Unspent conditional grants were overstated by R412 901 due to provincial government grants which had not been transferred to service charges.

Interest earned - Exchange transactions

Interest earned on exchange transactions were understated by R82 357 due to revenue that had not been recorded in the correct period.

Interest earned - Non Exchange transactions

Interest earned on non exchange transactions were understated by R149 743 due to interest that had not been recorded in the correct period in 2021.

Remuneration of Councillors

Remuneration of councillors were understated by R370 957 due to allowances that had been awarded using incorrect grading.

Employee related costs

Employee related costs had been understated by R591 427 due underprovision of cost of living adjustments.

Sevice charges

Service charges were understated by R3 252 109 due to the following:

Customers not billed for service charges	2 470 981
Unspent conditional grants not transferred to service charges	412 091
Customers not billed for refuse charges	369 037
	3 252 109

Depreciation and amortisation

Depreciation and amortisation had been understated by R301 887 due to calculations that were made using incorrect values.

Assets written off/ Gain or Loss on Disposal

Assets written off had been overstated by R2 171 902 due to the following

Disposal of assets that had not been recorded	2 188 664
Disposal of properties no longer under control of municipality	(16 762)
	2 171 902

Operational Revenue

Operational revenue had been understated by R77 140.47 due to unrecorded recoveries from staff for unsanctioned expenses.

Operational Cost

Operational cost was understated by R6 981 807 due to the following

Notes to the Financial Statements

Figures in R	30 June 2022	Restated 30 June 2021

Prior period adjustments continued...

Audit fees not accrued in correct period	6 160 570	
SALGA subscriptions not accrued	697 593	
Repairs and maintance which had been capitalised	123 313	
Other	331	
	6 981 807	

Taxes
Taxes went down by R772 912 due to VAT on land sales not

Receivables from exchange transactions
Receivable from exchange transactions were understated by R219 515 as a result of land sales debtors not accounted for correctly.

Payables from exchange transactions
Payables were understated by R8 223 686 due to the following

Land Sales	4 734 544	
Incorrect accounting of control account transactions	3 489 142	
	8 223 686	

Bulk purchases
Bulk purchases decreased by R42 270 053 due to reclassification of water inventory sales

Inventory consumed
Inventory consumed had been understated by R28 451 128 being reclassification of water inventory sales

Operational cost
Operational cost were understated by R697 593 SALGA subscriptions not accrued and repair costs of R123 313 which had been capitalised

Assets written off/ Gain or Loss on Disposal
Assets written off had been understated due to incorrect accounting of assets written off

Inventory written off
Inventory written off went up by R13 828 688 due to reclassification of water distribution losses

Sale of goods and rendering of services
Sale of goods and services had been understated by R2 167 due to photocopying revenue that had been included under payables

Inventory consumed
Inventory consumded had been understated by R9 763 being costs for cleaning material that had not been accrued at the end of 2021

The correction of the errors results in adjustments as follows:

Prior period adjustments continued...

Statement of financial position

	Previously reported	Correction of prior period error	Reclassification	Restated balance
Cash and Cash Equivalents	32 480 224	41 147	-	32 521 371
Receivables from Exchange Transactions	30 780 390	219 515	-	30 999 905
Payables from Exchange Transactions	(380 364 428)	8 223 686	-	(372 140 742)
Unspent conditional grants receipts	(23 291 329)	412 091	-	(22 879 238)
Property Plant and Equipment	818 087 825	(57 394 746)	-	760 693 079
Taxes	29 358 611	(772 912)	-	28 585 699
Investment Property	199 718 915	(58 785 262)		140 933 653
	706 770 208	**(108 056 481)**	**-**	**598 713 727**

Statement of Financial Performance

	Previously reported	Correction of prior period error	Reclassification	Restated balance
				-
Service charges	148 008 664	3 252 110	-	151 260 774
Sale of goods and rendering of services	596 796	2 167	-	598 963
Interest earned - exchange investments	8 836 798	(82 357)	-	8 754 441
Operational Revenue	302 925	77 140	-	380 065
Interest Earned- non exchange transactions	2 178 901	(149 743)	-	2 029 158
Employee related costs	(96 336 608)	(591 427)	-	(96 928 035)
Remuneration of councillors	(6 144 634)	(370 957)		(6 515 591)
Depreciation and amortisation	(65 676 481)	(301 887)		(65 978 368)
Inventory consumed	(6 791 136)	(28 451 128)	-	(35 242 264)
Operational cost	(33 451 821)	2 223 392	-	(31 228 429)
Provision of impairment adjustment	(31 979 034)	(730 878)		(32 709 912)
Bulk Purchaases	(128 137 720)	42 270 053		(85 867 667)
Inventory written off	(438 386)	(13 828 688)		(14 267 074)
Assets written off / Gain or Loss on disposal	(7 836 236)	1 823 100		(6 013 136)
	(216 867 972)	**5 140 897**	**-**	**(211 727 075)**

53. Financial sustainability

Nama Khoi municipality operates on a month-to-month basis whereby it uses the cash collected for services delivered to run the operations of the municipality The vast distances and the growing unemployment in the Nama Khoi Region make it difficult for the municipality to operate at its financial peak. The municipality's going concern status is under threat as each of the debtors and creditors have increased over the last financial years which had impacted financial sustainability.

Nama Khoi municipality operates with Basic services as its main source of Revenue with operational grants in the form of Equitable Share closely second. The households within the municipal region are also granted dependent with 6000+ registered indigents out of the 11 500 + households. At this stage, it will be extremely difficult for the municipality to operate without government grants as it does not have funds for Capital Projects and solely rely on MIG, WSIG, EPWP, and INEP.

Nama Khoi municipality revises its financial policies on a yearly basis in an attempt to align the policies with the needs of the municipalities as well as to allow the community an opportunity to settle their outstanding balances by means of agreements. The municipality has adopted the Cost Containment Regulations and on a monthly basis the report is submitted to Council, the report is also submitted to Treasury on a Mid-Year or as requested basis. Municipality also adopted the Funded Budget Plan which was drafted by the Municipality with the assistance of the Treasury This plan consists of 12 activities each one aimed at improving the overall performance of the municipality including the collecting of cash, rendering, and improving service delivery and settling of outstanding creditors.

Medium and Long term plans include the implementation of green energy and creating the opportunity for such companies to tender for green energy projects within the municipal boundaries.

The municipality is also exploring the possibility to add to the water resources with underground water explorations.

With the 2022-23 budget the municipality deficit has decreased compared to the previous financial year.

The municipality managed to budget for small capital contributions to be made from its own municipal sources.

Municipality budgeted for a new fleet on a 5-year basis which if approved will help with service delivery backlogs which will result in the municipality collecting more cash and improving financial sustainability.

54. Events after reporting period

The municipality have not identified any material non-adjusting events after the reporting date relating to the financial period then ended 30 June 2022.

Figures in R	30 June 2022	Restated 30 June 2021

55. Commitments

Contractual commitments for acquisition of Property, Plant and Equipment inclusive of VAT

Approved and Contract for:		
Opening Balance	8 135 938	1 992 088
Correction of prior period error	126 802	-
Restated opening balance	**8 262 740**	**1 992 088**
Infrastructure	14 518 916	8 135 938
	14 518 916	**8 135 938**
This expenditure will be financed from:		
Government Grants	14 518 916	8 135 938
Total	**14 518 916**	**8 135 938**

56. Awards to close family members of persons in the service of the state

The Municipality conduct business with the following persons who are related to persons who are employees of the state.

Company Name	**Emplyee of the state**	**Service Capacity**	**Relationship**	Tender amount
FR Mining Engineering and Construction (Pty) Ltd	Micheal Raymond	Commonage Officer - Nama Khoi Municipality	Brother of Director	133 380
Supplies Ablaze	Harold Roberts	Regional Director - Department Roads and Public Works	Parent of Director	235 083
Bvi raadgewende Ingenieurs	Elaxzan Cloete	HR Officer - Dept of Roads and public works	Spouse of Director	850 850
				-
				1 219 313

57. BUDGET INFORMATION

Explanation of variances between approved and final budget amounts

Service Charges

The municipality identified meters where illegal connections were made, the electricity department are in the process of replacing and correcting such instances, it resulted in the municipality billing less revenue than budgeted.

Interest Earned

It was not budgeted for.

Depreciation & asset impairment

Correction of prior period amounts.

Operational Costs

The municipality had anticipated increased activities which would require a huge operational budget. Business remained low and actual expenditure though remained in line with actuals for previous years.

Consumer deposits

Consumers paid their balances more than we anticipated.

Investment property

Derecognition of Investment Property which is no longer under control of the municipality. Reversal of gains which had been recognised when IP was valued at fair value instead of cost,

Property, plant and equipment

Derecognition of Property Plant and Equipment which is no longer under control of the municipality.

Provisions

Impairment of landfill sites

Government grants and subsidies

Because we paid back to Treasury, we did not utilise the whole amount

Finance charges

Restatements of landfill sites

58. Segment reporting

Segment performance

	Segments 2022									
	Electricity Supply	**Water Supply**	**Waste management**	**Waste water management**	**Household taxing**	**Interest free fund raising**	**Renting of fixed assets**	**Other**	**Total Segments 2022**	**Total entity 2022**
Segment Revenue	107 641 372	41 376 490	15 924 829	13 386 290	53 946 588	74 509 027	3 861 020	5 220 360	315 865 976	315 865 976
Segment Depreciation and Amortisation	(9 533 785)	(6 235 101)	(31 986 994)	(6 510 582)	-	-	(1 423 741)	-	(55 690 203)	(55 690 203)
Segment Employee Costs	(7 042 777)	(6 488 383)	(8 526 825)	(8 651 403)	-	-	-	-	(30 709 388)	(30 709 388)
Segment Bulk Purchases	(104 477 103)	-	-	-	-	-	-	-	(104 477 103)	(104 477 103)
Segment Operating Expenditure	(4 058 549)	(993 920)	(417 275)	(486 634)	-	-	-	-	(5 956 378)	(5 956 378)
Segment Finance Costs	(7 266 237)	-	(9 213 028)	-	-	-		-	(16 479 265)	(16 479 265)
Segment Allocated Costs	(49 149 214)	(18 892 568)	(7 271 301)	(6 112 200)	(24 632 094)	(74 509 027)	(1 762 948)	(2 383 624)	(184 712 976)	(184 712 976)
Segment Provision for Impairments	(1 488 107)	(1 359 546)	(699 616)	(326 186)	9 807 980	-	(88 164)	1 089 198	6 935 559	6 935 559
Segment Other Costs	-	-	-	-	-		-	-	-	-
Segment Surplus / (Deficit)	**(75 374 400)**	**7 406 972**	**(42 190 210)**	**(8 700 715)**	**39 122 474**	**-**	**586 167**	**3 925 934**	**(75 223 778)**	**(75 223 778)**

Segment reporting continued...

Segment financial position

	Electricity Supply	Water Supply	Waste managemengt	Waste water management	Household taxing	Interest free fund raising	Renting of fixed assets	Other	Total Segments 2022	Total entity 2022
Segment Non Current Assets										
Property, Plant and Equipment	261 182 595	133 663 295	54 362 475	155 517 111	49 902 609	-	43 799 439	4 829 028	703 256 552	703 256 552
Investment Property	-	-	-	-	-	-	138 836 266	-	138 836 266	138 836 266
Intangible Assets	-	-	-	-	-	-	-	96 148	96 148	96 148
Heritage Assets	-	-	-	-	-	-	-	1 484 269	1 484 269	1 484 269
	261 182 595	**133 663 295**	**54 362 475**	**155 517 111**	**49 902 609**	**-**	**182 635 705**	**6 409 445**	**843 673 235**	**843 673 235**
									-	
Segment Current Assets									-	
Inventories	191 990	2 073 710	-	-	-	-	-	-	2 265 700	2 265 700
Taxes	10 152 882	3 902 687	1 502 052	1 262 613	5 088 316		364 177	492 391	22 765 118	22 765 118
Receivables From Non-Exchange Transactions	-	-	-	-	29 011 162	-	-	3 965 232	32 976 394	32 976 394
Receivables From Exchange Transactions	22 067 152	20 160 713	10 374 614	4 837 009	-	-	1 307 389	2 622 444	61 369 321	61 369 321
Cash and Cash Equivalents	533 461	205 058	78 922	66 341	267 354	23 320 841	19 135	25 872	24 516 984	24 516 984
	32 945 485	**26 342 168**	**11 955 588**	**6 165 963**	**34 366 832**	**23 320 841**	**1 690 701**	**7 105 939**	**143 893 517**	**143 893 517**
Total Segment Assets	**294 128 080**	**160 005 463**	**66 318 063**	**161 683 074**	**84 269 441**	**23 320 841**	**184 326 406**	**13 515 384**	**987 566 752**	**987 566 752**
									-	
Segment Current Liabilities									-	
Provisions	-	-	6 318 925	-	-	-	-	-	6 318 925	6 318 925
Finance Lease Obligations	196 026	75 351	29 001	24 378	98 242	-	7 031	9 507	439 536	439 536
Consumer Deposits	1 619 926	2 241 495	-	-	-	-	9 175	3 498	3 874 094	3 874 094
Payables	385 684 386	14 637 659	5 633 687	4 735 635	-	-	1 365 904	1 846 794	413 904 065	413 904 065
Employee Benefit Obligations	5 604 577	2 154 355	829 160	696 986	2 808 844	-	201 032	271 809	12 566 763	12 566 763
Conditional Grants and Receipts	-	-	-	-	-	18 929 859	-	-	18 929 859	18 929 859
	393 104 915	**19 108 860**	**12 810 773**	**5 456 999**	**2 907 086**	**18 929 859**	**1 583 142**	**2 131 608**	**456 033 242**	**456 033 242**
Segment Non-Current Liabilities										
Provisions	-	-	132 158 607	-	-	-	-	-	132 158 607	132 158 607
Finance Lease Obligations	325 981	125 304	48 227	40 539	163 372	-	11 693	15 809	730 925	730 925
Employee Benefit Obligations	13 067 781	5 023 152	1 933 292	1 625 110	6 549 175	-	468 732	633 757	29 300 999	29 300 999
	13 393 762	**5 148 456**	**134 140 126**	**1 665 649**	**6 712 547**	**-**	**480 425**	**649 566**	**162 190 531**	**162 190 531**
									-	
Total Segment Liabilities	**406 498 677**	**24 257 316**	**146 950 899**	**7 122 648**	**9 619 633**	**18 929 859**	**2 063 567**	**2 781 174**	**618 223 773**	**618 223 773**
									-	
Total Segment Net Assets	**(112 370 597)**	**135 748 147**	**(80 632 836)**	**154 560 426**	**74 649 808**	**4 390 982**	**182 262 839**	**10 734 210**	**369 342 979**	**369 342 979**

Segment reporting continued...

Segment performance

	Segments 2021									
	Electricity Supply	**Water Supply**	**Waste managemengt**	**Waste water management**	**Household taxing**	**Interest free fund raising**	**Renting of fixed assets**	**Other**	**Total Segments 2021**	**Total entity 2021**
Segment Revenue	93 996 257	38 107 908	15 325 107	12 534 197	51 448 355	94 617 922	4 112 312	3 615 654	313 757 712	313 757 711
Segment Depreciation and Amortisation	(11 585 095)	(6 518 698)	(20 181 556)	(6 620 291)	-	-	(899 561)	-	(45 805 201)	(65 978 368)
Segment Employee Costs	(5 399 657)	(6 619 506)	(8 306 033)	(7 583 271)	-	-	-	-	(27 908 467)	(96 928 035)
Segment Bulk Purchases	(85 867 667)	-	-	-	-	-	-	-	(85 867 667)	(85 867 667)
Segment Operating Expenditure	(4 679 407)	(932 713)	(1 320 341)	(179 157)	-	-	-	-	(7 111 618)	(31 228 420)
Segment Finance Costs	(4 473 064)	-	(7 513 670)	-	-	-		-	(11 986 734)	(15 354 556)
Segment Allocated Costs	(35 397 420)	(14 350 802)	(5 771 179)	(4 720 169)	(19 374 591)	(94 617 922)	(1 548 628)	(1 361 595)	(177 142 306)	-
Segment Provision for Impairments	(8 866 464)	(7 352 238)	(4 145 377)	(1 938 155)	(8 067 698)	-	(586 979)	(1 753 000)	(32 709 911)	(32 709 912)
Segment Other Costs	-	-	-	-	-		-	-	-	(60 464 947)
Segment Surplus / (Deficit)	**(62 272 517)**	**2 333 951**	**(31 913 049)**	**(8 506 846)**	**24 006 066**	**-**	**1 077 144**	**501 059**	**(74 774 192)**	**(74 774 194)**

Segment reporting continued...

Segment financial position

	Electricity Supply	Water Supply	Waste managemengt	Waste water management	Household taxing	Interest free fund raising	Renting of fixed assets	Other	Total Segments 2022	Total entity 2022
Segment Non Current Assets										
Property, Plant and Equipment	265 041 455	142 669 717	80 762 555	162 225 028	51 838 792	-	54 512 438	3 643 093	760 693 078	760 693 078
Investment Property	-	-	-	-	-	-	140 639 278	-	140 639 278	140 639 278
Intangible Assets	-	-	-	-	-	-	-	81 431	81 431	81 431
Heritage Assets	-	-	-	-	-	-	-	1 484 269	1 484 269	1 484 269
	265 041 455	**142 669 717**	**80 762 555**	**162 225 028**	**51 838 792**	**-**	**195 151 716**	**5 208 793**	**902 898 056**	**902 898 056**
									-	
Segment Current Assets									-	
Inventories	-	1 053 864	154 796	-	-	-	-	-	1 208 660	1 208 660
Operating Lease Receiavbles	-	-	-	-	-	-	-	-	-	-
Taxes	12 261 346	4 970 988	1 999 084	1 635 024	6 711 183		536 431	471 644	28 585 700	28 585 700
Receivables From Non-Exchange Transactions	-	-	-	-	10 463 932	-	-	1 321 141	11 785 073	11 785 073
Receivables From Exchange Transactions	11 484 566	9 523 217	5 369 430	2 510 457	-	-	760 303	1 351 932	30 999 905	30 999 905
Cash and Cash Equivalents	1 449 595	587 694	236 341	193 300	793 428	29 141 832	63 419	55 760	32 521 369	32 521 369
	25 195 507	**16 135 763**	**7 759 651**	**4 338 781**	**17 968 543**	**29 141 832**	**1 360 153**	**3 200 477**	**105 100 707**	**105 100 707**
Total Segment Assets	**290 236 962**	**158 805 480**	**88 522 206**	**166 563 809**	**69 807 335**	**29 141 832**	**196 511 869**	**8 409 270**	**1 007 998 763**	**1 007 998 763**
									-	
Segment Current Liabilities									-	
Provisions	-	-	3 441 495	-	-	-	-	-	3 441 495	3 441 495
Finance Lease Obligations	-	-	3 406 419	-	-	-	-	-	3 406 419	3 406 419
Consumer Deposits	1 559 410	2 063 043	-	-	-	-	9 175	3 499	3 635 127	3 635 127
Payables	361 357 760	5 575 894	2 242 348	1 833 986	-	-	601 708	529 037	372 140 733	372 140 733
Employee Benefit Obligations	5 108 383	2 071 038	832 868	681 192	2 796 047	-	223 490	196 499	11 909 517	11 909 517
Conditional Grants and Receipts	-	-	-	-	-	22 879 238	-	-	22 879 238	22 879 238
	368 025 553	**9 709 975**	**9 923 130**	**2 515 178**	**2 796 047**	**22 879 238**	**834 373**	**729 035**	**417 412 529**	**417 412 529**
Segment Non-Current Liabilities										
Provisions	-	-	119 651 469	-	-	-	-	-	119 651 469	132 158 607
Finance Lease Obligations	-	-	-	-	-	-	-	-	-	-
Employee Benefit Obligations	11 310 102	4 585 335	1 843 994	1 508 178	6 190 524	-	494 814	435 054	26 368 001	26 368 001
	11 310 102	**4 585 335**	**121 495 463**	**1 508 178**	**6 190 524**	**-**	**494 814**	**435 054**	**146 019 470**	**146 019 470**
									-	
Total Segment Liabilities	**379 335 655**	**14 295 310**	**131 418 593**	**4 023 356**	**8 986 571**	**22 879 238**	**1 329 187**	**1 164 089**	**563 431 999**	**563 431 999**
Total Segment Net Assets	**(89 098 693)**	**144 510 170**	**(42 896 387)**	**162 540 453**	**60 820 764**	**6 262 594**	**195 182 682**	**7 245 181**	**444 566 764**	**444 566 764**

Segment reporting continued...

Basis of segments identification and allocation of amounts

	Electricity Supply	Water Supply	Waste Management	Waste Water Management	Household Taxing	Interest Free Fund Raising	Renting of Fixed Assets	Other
Basis of segment identification	Supply and distribution of electricity	Supply and distribution of water	Refuse removal services	Sewage services	Levying of property rates	Operational and capital expenditure funding	Leasing of assets on a rental basis	Aggregation of segments which are individually insignificant

Segment Revenue	**First level allocation**	Revenue directly attributable to each segment
	Second level allocation	Interest on overdue consumer accounts arising from segment revenue
	Third level allocation	Availability charges on the segment and its interest on receivables
Segment Depreciation and Amortisation	**First level allocation**	Segment cost centre report
	Second level allocation	Residual unallocated depreciation is allocated based on percentage of revenue of the segment
Segment Employee Costs	**First level allocation**	Segment cost centre report
	Second level allocation	Residual unallocated employee costs are allocated based on percentage of revenue of the segment
Segment Bulk Purchases	**First level allocation**	Based on segment purchases
Segment Operating Expenditure	**First level allocation**	Segment cost centre report
	Second level allocation	Residual unallocated employee costs are allocated based on percentage of revenue of the segment
Segment Finance Costs	**First level allocation**	Finance costs allocated based on the originating cause of the incurrence of the interest
Segment Allocated Costs	**First level allocation**	This being pool of unallocated costs from all segments is allocated based on percentage of segment revenue
Segment Provision for Impairments	**First level allocation**	Impairment costs are allocated based on the segment using the impaired assets

Segment reporting continued...

Segment Other Costs	**First level allocation**	These costs are allocated into the residual pool of "Segment Allocated Costs"

Segment Non Current Assets

Property, Plant and Equipment	**First level allocation**	Non current assets directly attributable to the segment per the fixed assets register allocation Note
	Second level allocation	Residual unallocated cross-segment assets are allocated on a percentage of revenue of the segment
Investment Property		Investment property is allocated wholly to the renting of fixed asets segment
Intangible Assets		Intangible assets being insignificant are allocated wholly to "Other" segment
Heritage Assets		Heritage assets are allocated wholly to "Other" segment

Segment Current Assets

Inventories		Inventory is allocated based on the segment which consumes it based on the stock sheets
Value Added Tax		Since VAT is based on a cash basis, "Taxes" are allocated based on receivables balances at year end
Receivables From Non-Exchange Transactions		Allocated based on break down of the non-exchange receivables balance
Receivables From Exchange Transactions		Allocated based on break down of the exchange receivables balance
Cash and Cash Equivalents	**First level allocation**	Call account balance is allocated wholly to the "Interest Free Fund Raising" segment
	Second level allocation	Residual unallocated amount is allocated on percentage of revenue of the segment

Segment Current Liabilities

Provisions		Provisions are allocated based on the segment with the asset causing the provision
Finance Lease Obligations		Finance lease obligations are allocated based on the segment with the assets being financed

Consumer Deposits		Consumer deposits are allocated based on the segment giving rise to the deposit
Payables	**First level allocation**	Payables are allocated based on originating cause of the payable per the creditors listing
	Second level allocation	Residual unallocated payables are allocated based on revenue
Employee Benefit Obligations		Employee benefit obligations are allocated based on the segment percent of revenue
Conditional Grants and Receipts		Unspent conditional grants are allocated wholly to "Interest Free Fund raising" segment

Segment Non-Current Liabilities

Provisions		Provisions are allocated based on the segment with the asset causing the provision
Finance Lease Obligations		Finance lease obligations are allocated based on the segment with the assets being financed
Employee Benefit Obligations		Employee benefit obligations are allocated based on the segment percent of revenue