



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2024**

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

General Information

MEMBERS OF COUNCIL AS AT 30 JUNE 2024

Executive Mayor	H.F. du Rand
Speaker	J. van Schalkwyk
Mayoral Committee	A. Bokwana
	E. Lampbrecht
	F. Kees
Part Time	D. Julius
	D.J. Julius
	G. Lebazi
	I.H. Ferguson
	J.A. Matthysen
	M.T. Swart

AUDITORS

Auditor-General of South Africa
No. 19 Park Lane Building, Park Lane, Century City, Cape Town
Western Cape

BANKERS

ABSA Bank
67 Voortrekker Street
Swellendam, 6740

REGISTERED OFFICE

Wolvaardt Trust Building, Units B2
Corner of Somerset Street and Stasie Street
Swellendam
6740

Tel: (028) 514 8500

Fax: (023) 514 2694

Webpage: www.swellendam.gov.za

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MUNICIPAL MANAGER

Ms A Vorster

CHIEF FINANCIAL OFFICER

Miss E Wassermann

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

General Information (Continued)

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

The municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

JURISDICTION

Greater Swellendam area which includes:

Barrydale, Buffeljagsrivier, Infanta, Malgas,
Ouplaas/Wydgelee, Rheenendal, Rietkuil
Stormsvlei, Suurbraak and Swellendam

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Approval of Annual Financial Statements

MEMBERS OF THE SWELLENDAM MUNICIPALITY

Ward	Representative	
1	Lamprecht	E.J
2	Ferguson	I.H
3	Julius	D.J
4	Du Rand	H.F
5	Lebazi	G
6	Matthysen	J.A
Proportional	Bokwana	A
Proportional	Julius	D
Proportional	Kees	F
Proportional	Swart	M.T
Proportional	Van Schalkwyk	J

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in accordance with Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.



Ms A Vorster
Municipal Manager

30 November 2024
Date

SWELLEDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Report of the Auditor General

- Insert Audit Report -

SWELLENDAM MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

		Actual	
	Note	2024 R	2023 Restated R
ASSETS			
Current Assets		259 951 549	168 255 968
Inventories	1.	6 080 138	5 449 683
Receivables from Exchange Transactions	2.	43 971 006	20 280 722
Statutory Receivables from VAT Transactions	3.	6 877 252	5 105 210
Receivables from Non-exchange Transactions	4.	327 085	439 587
Statutory Receivables from Non-Exchange Transactions	5.	23 811 984	14 878 562
Cash and Cash Equivalents	6.	178 516 123	121 773 220
Lease Receivables	11.	367 962	328 985
Non-Current Assets		546 091 665	524 100 780
Property, Plant and Equipment	7.	535 702 057	512 103 757
Intangible Assets	8.	466 149	566 906
Investment Property	9.	9 472 991	11 034 185
Heritage Assets	10.	170 979	170 979
Long-term Receivables	12.	279 489	224 953
Total Assets		806 043 214	692 356 749
LIABILITIES			
Current Liabilities		130 279 144	84 030 066
Consumer Deposits	13.	4 782 132	4 301 848
Payables from Exchange Transactions	14.	79 178 239	37 006 693
Unspent Conditional Grants and Receipts	15.	21 980 212	20 394 684
Lease Payables	16.	421 942	377 953
Borrowings	17.	4 161 118	4 230 703
Employee Benefit Liabilities	18.	15 175 022	13 976 924
Provisions	19.	4 580 478	3 741 261
Non-Current Liabilities		127 415 579	119 446 497
Lease Payables	16.	214 499	616 524
Borrowings	17.	23 326 683	23 987 800
Employee Benefit Liabilities	18.	39 082 000	35 055 000
Provisions	19.	64 792 398	59 787 173
Total Liabilities		257 694 723	203 476 563
Total Assets and Liabilities		548 348 491	488 880 186
NET ASSETS		548 348 491	488 880 186
Reserves	20.	26 403 215	25 072 000
Accumulated Surplus / (Deficit)	21.	521 945 276	463 808 187
Total Net Assets		548 348 491	488 880 186

SWELLENDAM MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

		Actual	
	Note	2024 R	2023 Restated R
REVENUE			
Revenue from Non-exchange Transactions		212 816 118	192 929 358
Property Rates	22.	56 640 567	50 115 614
Fines, Penalties and Forfeits	23.	48 858 074	42 513 801
Transfers and Subsidies	25.	102 562 044	95 706 519
Surcharges and Taxes	26.	960 923	954 688
Service Charges	27.	3 390 680	3 313 585
Interest, Dividends and Rent on Land Earned	32.	403 829	325 152
Revenue from Exchange Transactions		280 353 063	186 314 769
Licences and Permits	24.	1 273 576	1 299 891
Transfers and Subsidies	25.	5 258 674	5 882 092
Service Charges	27.	177 523 070	153 006 150
Sales of Goods and Rendering of Services	28.	3 295 720	2 900 106
Construction Contract Revenue	29.	56 264 552	2 299 981
Income from Agency Services	30.	2 735 803	2 728 397
Rental from Fixed Assets	31.	751 033	992 735
Interest, Dividends and Rent on Land Earned	32.	14 344 553	9 537 994
Operational Revenue	33.	18 625 001	7 333 527
Gains on Disposal of Capital Assets	46.	281 081	333 897
Total Revenue		493 169 180	379 244 128
EXPENDITURE			
		434 113 025	327 701 615
Employee Related Costs	34.	118 864 337	108 483 920
Remuneration of Councillors	35.	5 668 078	5 607 289
Depreciation and Amortisation	36.	18 946 659	14 624 275
Impairment Losses	37.	42 877 264	36 958 476
Interest, Dividends and Rent on Land	38.	10 071 519	9 112 644
Bulk Purchases	39.	98 123 267	79 694 101
Contracted Services	40.	90 022 432	29 357 750
Inventory Consumed	41.	16 852 732	16 384 782
Transfers and Subsidies Paid	42.	1 102 117	530 350
Operating Leases	43.	742 709	335 586
Operational Costs	44.	28 165 202	25 560 914
Losses on Disposal of Capital Assets	46.	2 676 709	1 051 528
Total Expenditure		434 113 025	327 701 615
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		59 056 156	51 542 513
OTHER REVENUE / EXPENDITURE INCURRED			
Gains on Other Operations	45.	412 412	5 080 416
Losses on Other Operations	45.	(262)	-
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		412 150	5 080 416
SURPLUS / (DEFICIT) FOR THE YEAR		59 468 306	56 622 929
Refer to Budget Statement for explanation of budget variances			

SWELLENDAM MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R
2023			
Balance at 30 June 2022	12 000 000	422 082 194	434 082 194
Correction of Error (Note 48)	-	(1 824 937)	(1 824 937)
Restated Balance	12 000 000	420 257 258	432 257 258
Surplus / (Deficit) as per prior 2022/23 AFS	-	52 359 540	52 359 540
Correction of Error (Note 48)		4 263 389	4 263 389
Restated Surplus / (Deficit) for the year	-	56 622 928	56 622 928
Transfers to/from Accumulated Surplus	17 380 740	(13 072 000)	4 308 740
Purchases	(4 308 740)	-	(4 308 740)
Balance at 30 June 2023	25 072 000	463 808 186	488 880 186
2024			
Appropriations from Accumulated Surplus	-	-	-
Restated Balance	25 072 000	463 808 186	488 880 186
Surplus / (Deficit) for the year	-	59 468 306	59 468 306
Transfers to/from Accumulated Surplus	10 000 001	(1 331 215)	8 668 786
Purchases	(8 668 786)	-	(8 668 786)
Balance at 30 June 2024	26 403 215	521 945 276	548 348 491

Details on the movement of the Funds and Reserves are set out in Note 20.

SWELLENDAM MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Note	Actual 2024 R	2023 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		55 514 366	49 411 886
Fines, Penalties and Forfeits		12 883 750	8 669 035
Transfers and Subsidies		104 717 192	106 730 860
Service Charges		158 280 880	162 991 690
External Interest and Dividends Received		12 495 053	7 182 748
Other Receipts		100 365 172	15 199 446
VAT Received		-	34 212
Payments			
Employee Related Costs		(114 091 450)	(104 137 587)
Remuneration of Councillors		(5 668 078)	(5 607 289)
External Interest and Dividends Paid		(3 110 830)	(2 543 870)
Suppliers Paid		(214 513 545)	(170 814 412)
VAT Paid		(1 028 480)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	49.	<u>105 844 030</u>	<u>67 116 719</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7.	(48 197 007)	(62 701 947)
Purchase of Intangible Assets	8.	(124 076)	(72 617)
Proceeds on Disposal of Property, Plant and Equipment	7.	233 913	571 864
Proceeds on Disposal of Investment Property		132 800	-
Decrease / (Increase) in Long-term Receivables		(54 535)	(2 357 185)
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(48 008 906)</u>	<u>(64 559 885)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Finance Leases (Leases Redeemed)	16.	(361 517)	(169 543)
Increase in Borrowings (Loans Taken-on)	17.	3 500 000	9 700 000
Decrease in Borrowings (Loans Redeemed)	17.	(4 230 703)	(3 638 433)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(1 092 221)</u>	<u>5 892 023</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>56 742 904</u>	<u>8 448 858</u>
Cash and Cash Equivalents at Beginning of Financial Year	6.	121 773 220	113 324 362
Cash and Cash Equivalents at End of Financial Year	6.	178 516 123	121 773 220

<p style="text-align: center;">SWELLENHAM MUNICIPALITY</p> <p style="text-align: center;">STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024</p>						
30 June 2024						
Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget
	R	R	R	R	R	R
FINANCIAL POSITION						
Current Assets						
Cash and Cash Equivalents	89 968 294	83 671 036	83 671 036	178 516 123	94 845 087	113,35%
Trade and Other Receivables from Exchange Transactions	3 186 989	17 623 626	17 623 626	43 971 006	26 347 380	149,50%
Receivables from Non-exchange Transactions	19 641 241	18 895 675	18 895 675	24 139 068	5 243 393	27,75%
Lease Receivable	42 735	10 352	10 352	367 962	357 610	3454,50%
Inventory	7 170 324	9 112 195	9 112 195	6 080 138	(3 032 057)	-33,27%
VAT	17 527 491	14 801 644	14 801 644	6 877 252	(7 924 392)	-53,54%
Non-Current Assets						
Investment Property	11 352 886	10 874 744	10 874 744	9 472 991	(1 401 753)	-12,89%
Property, Plant and Equipment	561 418 247	564 173 312	564 173 312	535 702 057	(28 471 255)	-5,05%
Heritage Assets	170 979	170 979	170 979	170 979	0	0,00%
Intangible Assets	283 606	383 722	383 722	466 149	82 427	21,48%
Trade and Other Receivables from Exchange Transactions	422 779	-	-	279 489	279 489	0,00%
Non-current Receivables from Non-exchange Transactions	-	78 622	78 622	-	(78 622)	-100,00%
Other Non-current Assets	154 996	238 415	238 415	-	(238 415)	-100,00%
Total Assets	711 340 567	720 034 322	720 034 322	806 043 214	86 008 892	11,95%
Current Liabilities						
Financial Liabilities	2 982 155	4 567 563	4 567 563	4 583 060	15 497	0,34%
Consumer Deposits	4 721 078	4 923 131	4 923 131	4 782 132	(140 999)	-2,86%
Trade and Other Payables from Exchange Transactions	46 414 062	52 903 717	52 903 717	79 178 239	26 274 522	49,66%
Trade and Other Payables from Non-exchange Transactions	10 646 168	(6 528 810)	(6 528 810)	21 980 212	28 509 022	-436,66%
Provision	21 110 655	17 699 463	17 699 463	19 755 500	2 056 037	11,62%
VAT	21 215 736	12 441 497	12 441 497	-	(12 441 497)	-100,00%
Non-Current Liabilities						
Financial Liabilities	27 979 972	23 970 781	23 970 781	23 541 181	(429 600)	-1,79%
Provisions	63 874 809	70 071 560	70 071 560	39 082 000	(30 989 560)	-44,23%
Other Non-current Liabilities	31 537 141	32 270 196	32 270 196	64 792 398	32 522 202	100,78%
Total Liabilities	230 481 776	212 319 098	212 319 098	257 694 723	45 375 625	150,53%
Total Assets and Liabilities	480 858 791	507 715 224	507 715 224	548 348 491	40 633 267	95,54%
Net Assets (Equity)						
Accumulated Surplus / (Deficit)	477 358 791	482 643 224	482 643 224	521 945 276	39 302 052	8,14%
Reserves and Funds	3 500 000	25 072 000	25 072 000	26 403 215	1 331 215	5,31%
Total Net Assets	480 858 791	507 715 224	507 715 224	548 348 491	40 633 267	95,54%

SWELLEDAM MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Cash and Cash Equivalents:

The Cash and Cash Equivalents are influenced by the Capital Projects rollover to the 2023/24 financial year and the unspent Conditional Grants. Actual expenditures realized are also less than budgeted.

Trade and Other Receivables from Exchange Transactions:

A R 4 446 000 debtor was raised for the purchase of transnet land. The payment was made to the transferring attorneys as the title deed to the land has not been transferred. This was not budgeted for during the financial year.

Receivables from Non-exchange Transactions:

The increase is a result of increase Traffic Fines recognised combined with an increase in the payment rate.

Lease Receivable

The variance is due to the budget being split under current and non-current assets for the operating lease assets. This year a journal was processed to move the operating lease assets actuals to only reflect under current assets.

Inventory:

More inventory was issued thus decreasing the inventory on hand at year end beyond expectation.

VAT:

The variance is due to the budget having the VAT payable (current liabilities) and VAT receivable (Current Assets) split, whereas the VAT actuals as per the Financial Statements are nett off and only reflects under current assets

Investment Property:

Disposals of Investment property exceeded expectations.

Intangible Assets:

Variance is due to Intangible assets additions being more than anticipated. Budget provision was made under PPE instead of Intangible assets.

Non-current Receivables from Non-exchange Transactions:

Property Rates arrangement debtors was more than anticipated with the budget.

Other Non-current Assets:

The variance is due to the budget being split under current and non-current assets for the operating lease assets. This year a journal was processed to move the operating lease assets actuals to only reflect under current assets.

Trade and Other Payables:

The unspent portion on construction contracts was per GRAP 11.

Trade and Other Payables from Non-exchange Transactions:

There was an error on the budget generated from the financial system reflecting a negative budget value. The municipality anticipate with the budget that all government grants will be spent by 30 June 2024.

Provision:

This amount relates to Employee Related Benefits and Rehabilitation of landfill sites. The actuals are slightly higher than budgeted amount.

VAT:

The variance is due to the budget having the VAT payable (current liabilities) and VAT receivable (Current Assets) split, whereas the VAT actuals as per the Financial Statements are nett off and only reflects under current assets

Provision:

This item includes Employee Benefits Liabilities for which the budgeted amount for Post-retirement Health Care Benefits Liability was more than the final actuarial calculation and the split between short-term and long-term deviate from the budget provision.

Other Non-current Liabilities:

The variance is due to the Budget for the Provision for the Rehabilitation of Landfill site being understated based on the Actuarial Valuation.

<p style="text-align: center;">SWELLEDAM MUNICIPALITY</p> <p style="text-align: center;">STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024</p>						
30 June 2024						
Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget
	R	R	R	R	R	R
FINANCIAL PERFORMANCE						
Exchange Revenue						
Service Charges - Electricity	113 935 660	113 655 383	113 655 383	116 007 147	2 351 764	2,07%
Service Charges - Water	25 387 989	22 415 323	22 415 323	24 718 344	2 303 021	10,27%
Service Charges - Waste Water Management	20 520 610	20 497 320	20 497 320	22 065 978	1 568 658	7,65%
Service Charges - Waste Management	14 706 704	14 639 141	14 639 141	14 731 601	92 460	0,63%
Sales of Goods and Rendering of Services	2 736 043	2 889 468	2 889 468	3 295 720	406 252	14,06%
Construction Contract Revenue	-	-	-	56 264 552	56 264 552	0,00%
Agency Services	3 061 854	2 817 152	2 817 152	2 735 803	(81 349)	-2,89%
Transfer and Subsidies - Operational	-	-	-	5 258 674	5 258 674	0,00%
Interest earned from Receivables	1 879 951	1 709 074	1 709 074	1 761 378	52 304	3,06%
Interest earned from Current and Non-current Assets	6 660 300	9 015 456	9 015 456	12 581 344	3 565 888	39,55%
Dividends	2 000	2 000	2 000	1 830	(170)	-8,48%
Rental from Fixed Assets	867 253	1 046 175	1 046 175	751 033	(295 143)	-28,21%
Licences and Permits	1 410 414	1 230 132	1 230 132	1 273 576	43 444	3,53%
Operational Revenue	414 745	2 698 244	2 698 244	18 625 001	15 926 757	590,26%
Non-exchange Revenue						
Property Rates	57 461 734	56 353 186	56 353 186	56 640 567	287 381	0,51%
Surcharges and Taxes	994 200	959 750	959 750	960 923	1 173	0,12%
Fines, Penalties and Forfeits	47 744 313	47 277 832	47 277 832	48 858 074	1 580 242	3,34%
Transfer and Subsidies - Operational	117 847 929	157 979 361	157 979 361	57 004 077	(100 975 284)	-63,92%
Interest	323 558	387 043	387 043	403 829	16 786	4,34%
Service Charges	3 486 610	3 433 058	3 433 058	3 390 680	(42 378)	-1,23%
Gains on Disposal of Assets	4 398 569	5 000	5 000	281 081	276 081	5521,62%
Other Gains	12 847 450	13 210 844	13 210 844	412 412	(12 798 432)	-96,88%
Total Revenue	436 687 886	472 220 942	472 220 942	448 023 626	(24 197 316)	-5,12%
Expenditure						
Employee Related Costs	142 964 604	138 420 723	137 760 723	118 864 337	(18 896 386)	-13,72%
Remuneration of Councillors	6 083 162	6 083 162	6 083 162	5 668 078	(415 084)	-6,82%
Bulk Purchases - Electricity	95 136 541	97 689 501	97 689 501	98 123 267	433 766	0,44%
Inventory Consumed	18 927 585	19 400 235	19 744 835	16 852 732	(2 892 103)	-14,65%
Debt Impairment	29 301 512	18 995 606	18 995 606	13 819 783	(5 175 823)	-27,25%
Depreciation and Amortisation	16 177 719	20 462 704	20 462 704	27 605 179	7 142 475	34,90%
Interest	6 300 535	8 671 422	8 671 422	10 071 519	1 400 097	16,15%
Contracted Services	95 295 428	114 431 664	114 750 314	90 022 432	(24 727 882)	-21,55%
Transfers and Subsidies	1 185 000	1 325 000	1 325 000	1 102 117	(222 883)	-16,82%
Irrecoverable Debts Written-off	13 613 440	24 668 601	24 668 601	20 398 961	(4 269 640)	-17,31%
Operational Costs	30 932 256	47 528 094	47 524 844	28 907 911	(18 616 933)	-39,17%
Losses on Disposal of Assets	129 244	-	-	2 676 709	2 676 709	0,00%
Other Losses	12 493	-	-	262	262	0,00%
Total Expenditure	456 059 519	497 676 712	497 676 712	434 113 287	(63 563 425)	-12,77%
Surplus / (Deficit)	(19 371 633)	(25 455 770)	(25 455 770)	13 910 339	39 366 109	-154,65%
Transfers and Subsidies - Capital (Monetary Allocation)	20 239 696	44 688 517	44 688 517	40 868 912	(3 819 605)	-8,55%
Transfers and Subsidies - Capital (In-kind Allocation)	4 781 030	4 781 030	4 781 030	4 689 055	(91 975)	-1,92%
Surplus/(Deficit for the Year)	5 649 093	24 013 777	24 013 777	59 468 306	35 454 529	147,64%

SWELLENHAM MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

The difference between the Adjustment Budget and Final Budget are the consequence of virement reallocations within the budget as follows

Financial Performance	Original Budget	Adjustment Budget	Virement	Final Budget
Employee Related Cost	142 964 604	138 420 723 -	660 000	137 760 723
Inventory Consumed	18 927 585	19 400 235	344 600	19 744 835
Contracted Services	95 295 428	114 431 664	318 650	114 750 314
Operational Cost	30 932 256	47 528 094 -	3 250	47 524 844
Total	288 119 873	319 780 716	-	319 780 716

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Performance are regarded as material and are explained below:

Service Charges - Water:

Water billed was more than anticipated due to an increase in consumption.

Sales of Goods and Rendering of Services:

Increased bookings at the Caravan Park realizing in more revenue and more Tender documents were issued than anticipated in the budget.

Construction Contract Revenue:

Per Grap 11 the low cost housing project in Railton were moved to construction contracts, while it was budget for under non-exchange revenue: transfers and subsidies. Construction Contracts Revenue amounting to R49.4 million for Human Settlements Development Grant revenue recognised for the building of Housing Top Structures and R6.9 million Provincial Contribution toward the Acceleration of Housing Delivery Grant revenue recognised for the installation of solar geysers. This R56.3 million was budgeted under Transfers and Subsidies - operational.

Transfers and Subsidies (Exchange):

The actuals relates to the Revenue recognised for the Library: Municipal Replacement Fund Grant which must be disclosed as Exchange Revenue. The budget for this grant was however allocated under Transfers and Subsidies (Non-Exchange) in terms of the mSCOA available segmentation.

Interest earned from Current and Non-current Assets:

This interest relates to interest earned on banks and investments. The municipality's favorable cash position resulted in more revenue received from interest earned than budgeted.

Rental from Fixed Assets:

This relates to the rental of municipal buildings, community halls, and other municipal facilities. The revenue recognized decrease due to the cancelation of land lease contracts which was included in the budget history trends.

Operational Revenue:

Other revenue relates to sales of goods and services, rent on land, and operational revenue. The variance in other revenue was due to the SASRIA insurance claim which is due to be received by the municipality.

Transfers and Subsidies (Non-exchange):

The variance is mainly due to Construction Contracts Revenue amounting to R56.3 million for Human Settlement Development Grant and the Provincial Contribution to the Acceleration of Housing Delivery Grant being allocated to Construction Contracts Revenue, whereas the budget was approved as Transfers and Subsidies - Operational. Additionally the actuals for Library: Municipal Replacement Fund Grant has been reallocated to Transfers and Subsidies (Exchange Revenue) as well, yet the budget was approved as Transfers-and Subsidies - Operational under non-exchange revenue.

Gains on Disposal of Assets:

Gains on disposal of assets was more than anticipated.

Other Gains:

Gains realized more than planned in the budget.

Employee Related Costs:

The municipality is in the process of restructuring the organizational structure. Positions were kept vacant to complete the process first.

Inventory Consumed:

The variances are due to savings on inventory and fuel costs.

Debt Impairment:

The actual provisions for impairment is less than anticipated with the budget. This is based on the impairment calculation.

Depreciation and Amortisation:

The variance is due to depreciation being under-budgeted for and the final calculation of the reviewed FAR was higher than the expected budget.

SWELLEN DAM MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Interest:

The variance is due to the actuarial valuations on non-current provisions.

Contracted Services:

The variance is due to the unspent housing grant budgeted for the housing development.

Transfers and Subsidies:

The transfers and subsidies relate to Tourism events. Lessor funds were allocated for events.

Irrecoverable Debts Written-off:

Traffic Fines irrecoverable debt was less than anticipated in the budget due to increase in payments received.

Operational Costs:

A grant was received from the Housing Department to increase the electricity capacity from Eskom. The expense did not realized and resulting in unspent grants.

<p style="text-align: center;">SWELLENHAM MUNICIPALITY</p> <p style="text-align: center;">STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024</p>						
30 June 2024						
Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget
	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION						
Executive and Council	8 000	8 700	8 700	6 605	(2 095)	-24,08%
Finance and Administration	2 910 000	2 520 000	2 520 000	3 258 566	738 566	29,31%
Community and Social Services	195 000	462 740	462 740	401 879	(60 861)	-13,15%
Sport and Recreation	331 960	199 500	199 500	185 956	(13 544)	-6,79%
Public Safety	641 000	687 087	687 087	513 257	(173 830)	-25,30%
Housing	50 000	4 494 000	4 494 000	47 193	(4 446 807)	-98,95%
Planning and Development	782 609	917 609	917 609	641 985	(275 624)	-30,04%
Road Transport	6 635 000	8 151 850	8 151 850	2 922 619	(5 229 231)	-64,15%
Energy Sources	2 913 913	11 889 345	11 889 345	11 791 993	(97 352)	-0,82%
Water Management	20 698 214	31 305 642	31 305 642	25 357 954	(5 947 688)	-19,00%
Waste Water Management	5 963 050	8 873 190	8 873 190	4 008 210	(4 864 980)	-54,83%
Waste Management	5 201 530	5 392 921	5 392 921	3 168 087	(2 224 834)	-41,25%
Total Capital Expenditure	46 330 276	74 902 584	74 902 584	52 304 305	(22 598 279)	-30,17%

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Executive and Council:

Savings realised on capital items budgeted for and not procured.

Finance and Administration:

The variance is due to donated assets received which was not budgeted for.

Community and Social Services:

An additional grant was received to completed the Small Business Park project.

Public Safety:

Savings occur on various projects.

Housing:

Grant funding received late in financial year was used to purchase land from transnet. The asset as not been realised as the funds are in a trust account of the transferring attorney until the title deed transfer occurs.

Planning and Development:

Savings realized on capital items budgeted for the Smitsville Container Park.

Road Transport:

Funds received for projects under the disaster fund could not be finalized due to late approval by the Department of Public Works to allow the Overberg District Municipality to proceed with the project.

Water Management:

Additional funds were received for water works in Barrydale in April 2023. The site had to be reestablished and as a result, all funds could not be spent by financial year end.

Waste Water Management:

Procurement process for Kliprivier safety railings could not be finalized, resulting in a late start to the project.

Waste Management:

Projects not finalised - Budget rolled over to 2023/24 for completion in the next financial year.

<p align="center">SWELLENDAM MUNICIPALITY</p> <p align="center">STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024</p>						
30 June 2024						
Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Variance as % of Final Budget
	R	R	R	R	R	R
CASH FLOW						
Cash Flow from Operating Activities						
Receipts						
Property Rates	57 025 137	54 884 447	54 884 447	55 514 366	629 919	1,15%
Service Charges	172 979 164	173 394 284	173 394 284	158 280 880	(15 113 404)	-8,72%
Other Revenue	22 621 232	22 409 990	22 409 990	113 248 923	90 838 933	405,35%
Transfers and Subsidies - Operational	117 847 929	153 739 932	153 739 932	63 848 280	(89 891 652)	-58,47%
Transfers and Subsidies - Capital	20 239 696	19 973 044	19 973 044	40 868 912	20 895 868	104,62%
Interest	8 863 809	9 015 456	9 015 456	12 493 223	3 477 767	38,58%
Dividends	2 000	2 000	2 000	1 830	(170)	-8,48%
Payments						
Suppliers and Employees	(373 724 149)	(392 093 603)	(392 093 603)	(334 199 435)	57 894 168	-14,77%
Finance Charges	(3 164 185)	(3 164 185)	(3 164 185)	(3 110 830)	53 355	-1,69%
Transfers and Subsidies	(1 185 000)	(1 590 000)	(1 590 000)	(1 102 117)	487 883	-30,68%
Net Cash from/(used) Operating Activities	21 505 633	36 571 365	36 571 365	105 844 030	69 272 665	189,42%
Cash Flows from Investing Activities						
Receipts						
Proceeds on Disposal of Property, Plant and Equipment	4 398 569	5 000	5 000	366 713	361 713	7234,26%
Decrease / (Increase) in Non-current Receivables	-	-	-	(54 535)	(54 535)	0,00%
Payments						
Capital Assets	(46 330 276)	(74 530 844)	(74 530 844)	(48 321 084)	26 209 760	-35,17%
Net Cash from/(used) Investing Activities	(41 931 707)	(74 525 844)	(74 525 844)	(48 008 906)	26 516 938	-35,58%
Cash Flows from Financing Activities						
Receipts						
Borrowing Long-term/Refinancing	3 598 050	3 598 050	3 598 050	3 500 000	(98 050)	-2,73%
Increase/(Decrease) in Consumer Deposits	640 136	640 136	640 136	(1)	(640 137)	-100,00%
Payments						
Repayment of Borrowing	(4 272 688)	(4 272 688)	(4 272 688)	(4 592 220)	(319 532)	7,48%
Net Cash from/(used) Financing Activities	(34 502)	(34 502)	(34 502)	(1 092 221)	(1 057 719)	3065,67%
Net Increase/(Decrease) In Cash Held	(20 460 576)	(37 988 981)	(37 988 981)	56 742 904	94 731 885	-249,37%
Cash/Cash Equivalents at the Year Begin:	110 428 868	121 773 230	121 773 230	121 773 220	(10)	0,00%
Cash/Cash Equivalents at the Year End:	89 968 292	83 784 249	83 784 249	178 516 123	94 731 874	113,07%

SWELLEDAM MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024
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Cash Flow Statement: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% and/or in excess of R3,7 million between the Adjusted Approved Budget and the Actual Amount disclosed in the Statement of Financial Position are regarded as material and are explained below:

Other Revenue:

More cash was received than anticipated in the budget. Budget cash flow segmentation not in line with actuals.

Government - Operating:

Projects which was rolled-over and could not be spent by financial year end. Variance between Operational transfers budget and actuals can be off set on the Capital transfers budget and actuals

Government - Capital:

Projects which was rolled-over and could not be spent by financial year end. Variance between Capital transfers budget and actuals can be off set on the Operating transfers budget and actuals

Interest:

This interest relates to interest earned on bank and investments and interest charged on outstanding debtors. More interest received than anticipated in the budget.

Suppliers and Employees:

Suppliers and Employees paid include Remuneration and Other Payments and are lower due to vacancies and savings in the budget.

Transfers and Grants:

Less ad hoc grants were paid than provided for in the budget.

Proceeds on Disposal of Property, Plant and Equipment:

Proceeds on disposal of assets was more than anticipated.

Decrease / (Increase) in Non-current Receivables:

No budget provision was made for non-current receivables due to mSCOA mapping.

Decrease / (Increase) in Non-current Investments:

{Give short explanation of the main reason(s) for deviation here}

Capital Assets:

The underspending of projects relates to various Capital Programmes, with the budget rollover to 2024/25 for implementation of the projects.

Also the budget in terms of NT format includes the VAT on capital expenditure, whereas the Actuals excludes the VAT.

Increase/(Decrease) in Consumer Deposits:

There was overestimated in terms of the increase in consumer deposits, while in reality it remained unchanged in total.

Net Increase/(Decrease) In Cash Held:

Cash realized more than budgeted due to unspent grants, increased revenue, and less expenditures.

SWELLENDAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Annual Financial Statements have been prepared in accordance with the historical cost convention, except where indicated otherwise.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 may differ from these estimates.

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 and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

In making their judgement, the 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). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, 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 is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

SWELLENDAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- **Estimation of Meter Readings:**
Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being 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. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.
- **Estimation of unused Prepaid Metered Services:**
Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average pre-paid electricity sold per day during the year under review is used, and the estimate is calculated using between 5 and 10 days' worth of unused electricity.
- **Revenue for Traffic Fines:**
There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

1.2.2 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

1.2.3 Impairment of Financial Assets

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade 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 is performed per service-identifiable categories across all classes of debtors.
- **Impairment of Traffic Fines:**
Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

SWELLENHAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

1.2.5 Capitalisation of Capital Assets

Judgement by management is required to distinguish between expenses incurred to maintain and repair capital assets and expenses incurred that will increase the remaining useful life of capital assets and needs to be capitalised to capital assets.

1.2.6 Recognition and Derecognition of Land

The municipality assesses whether it controls or does not control land by considering the principles contained in IGRAP 18.

The municipality is assessed to control land of which it is not the legal owner or the custodian and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosures are made in the relevant Notes to the Financial Statements. In order to assess that the municipality controls the land, the following factors are considered in applying its judgement:

- The municipality acts as the custodian of the land in terms of a binding arrangement with the legal owner of the land and has the right to direct access to the land, and to restrict or deny the access of others to the land.
- The municipality is required / granted a right to use the land in terms of a binding arrangement with the legal owner of the land and has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives.

The municipality is assessed to not control land of which it is the legal owner or the custodian and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosure are made in the relevant Notes to the Financial Statements. In order to assess that the municipality does not control the land, the following factors are considered in applying its judgement:

- Another entity acts as the custodian of the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land.
- Another entity is required / granted a right to use the land in terms of a binding arrangement with the municipality and that entity has the right to direct access to the land, and to restrict or deny the access of others to the land to meet its service delivery objectives for (name the service).

1.2.7 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 7.3, 8.2 and 9.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to 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.

SWELLENHAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.2.8 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Investment Property, and Inventories

Accounting Policy 11 on Impairment of Assets and Accounting Policy 3.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets, impairment testing of Investment Property and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE, Intangible Assets and Investment Property and the Net Realisable Value for Inventories involves significant judgment by management.

1.2.9 Service Concession Arrangements

The municipality assesses whether it is a party to any service concession arrangements by considering the principles contained in GRAP 32 and IFRIC 12.

Management has assessed all arrangements in place and concluded that there are no service concession arrangements to which it was a party during this accounting period.

1.2.10 Defined Benefit and Contribution Plan Liabilities

As described in Accounting Policy 17.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.2.11 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2.12 Principals and Agent Arrangements

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109.

Identification

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

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

A principal-agent arrangement results from a bidding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

SWELLENDAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

SWELLENDAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Municipality's assessment outcomes

The municipality is assessed to be the principal and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP. In order to assess that the municipality is the principal, the following factors were considered in applying its judgement:

- The municipality acts as a principal for the service provider, Syntell, who acts as an agent for the municipality with the sale of prepaid electricity.
- The municipality acts as a principal for the service provider, Oases, who acts as an agent for the municipality with the sale of prepaid electricity.
- The municipality acts as a principal for the service provider, TMT, who acts as an agent for the municipality with regards to the supply, delivery and administrative support of traffic fines collections and camera equipment with related operational support. within the Swellendam Municipal Area.

The municipality is assessed to be the agent and only accounts for the amounts which the agent are entitled to in terms of the principal-agent arrangement. In order to assess that the municipality is the agent, the following factors were considered in applying its judgement:

- The municipality acts as an agent for Western Cape Government: Department of Transport and Public Works for issuing licenses and permits and collects monies on their behalf.

1.2.13 Housing Arrangements

The municipality is not accredited to deliver housing under the national housing programme. However it assesses its roles and responsibilities it undertakes for each project undertaken in terms of the national housing programme by assessing the terms and conditions agreed with the relevant Provincial Department of Human Settlements.

1.2.14 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists and/or the amount exceeds R3.7 million. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.2.15 Segment Reporting

The municipality is assessed to have reportable segments as per the requirements of GRAP 18. In order to assess that the segments could be aggregated, the following factors were considered in applying its judgement:

- For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide.
- No individually material operating segments have been aggregated to form the above reportable operating segments.
- The municipality does not monitor segments geographically.

1.3 Materiality

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

Materiality is determined as 1% of total operating expenditure. This materiality is from the management's perspective and does not correlate with the auditor's materiality.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

The recent COVID-19 pandemic and its effect on the municipality's current and expected performance has been considered by management in the Going Concern Assumption.

SWELLENDAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.5 Standards, Amendments to Standards and Interpretations published but not yet Effective

The following GRAP Standards and Interpretations have been issued by the Accounting Standards Board but are not yet effective for the financial year ended 30 June 2024. The municipality has not early adopted these standards, and their impact on future financial statements is being assessed.

Additionally, these standards and interpretations are not always relevant to the municipality's operations and are indicated as such below:

Standard of GRAP / Nature of Impending Changes / Expected Impact		Effective Date	Planned Date for Application by Municipality
<ul style="list-style-type: none"> GRAP 1 	<p>Presentation of Financial Statements</p> <p>Nature of Changes: Revised requirements on the presentation of financial statements, focusing on materiality and going concern considerations.</p> <p>Expected Impact: Enhances clarity in financial reporting by requiring entities to tailor disclosures based on materiality, ensuring relevant information is highlighted. It also strengthens the assessment and disclosure of going concern uncertainties.</p>	Not yet determined	Not yet determined
<ul style="list-style-type: none"> GRAP 103 	<p>Heritage Assets</p> <p>Nature of Changes: Revised guidance on accounting for heritage assets, including recognition, measurement, and disclosure.</p> <p>Expected Impact: Promotes consistent and accurate valuation of heritage assets, reflecting their cultural, historical, or environmental significance. Improved disclosure requirements enhance transparency regarding these assets' value and management.</p>	Not yet determined	Not yet determined
<ul style="list-style-type: none"> GRAP 104 	<p>Financial Instruments</p> <p>Nature of Changes: Updates the classification, measurement, and impairment requirements of financial instruments to align with international standards like IFRS 9. The revised GRAP 104 aligns more closely with international standards, particularly concerning the classification and measurement of financial instruments.</p> <p>Expected Impact: Changes in classification (amortized cost, fair value) and a shift to an expected credit loss model for impairment will impact how financial assets and liabilities are recognized and measured, potentially leading to more timely recognition of credit losses. It is unlikely that there will be a material impact on the municipality's financial statements.</p>	01/04/2025	01/04/2025

SWELLENHAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

<ul style="list-style-type: none"> GRAP 105, 106 & 107 Transfers and Mergers <p>Nature of Changes: Provides guidance on accounting for transfers of functions between entities and mergers, both under common and not under common control.</p> <p>Expected Impact: Affects the recognition, measurement, and disclosure of assets and liabilities transferred during organizational changes, ensuring that the financial statements accurately reflect the impact of such transfers and mergers.</p> 	Not yet determined	Not yet determined
<ul style="list-style-type: none"> iGRAP 22 Foreign Currency Transactions <p>Nature of Changes: Clarifies accounting for foreign currency transactions involving advance consideration, ensuring alignment with IFRS standards. This interpretation provides guidance on how to determine the exchange rate to use on the date of a foreign currency transaction when consideration is paid or received in advance.</p> <p>Expected Impact: This standard impacts how exchange rate differences are recognized for transactions where payment is received or made in advance, potentially leading to changes in revenue and expense recognition timing based on exchange rate movements. The municipality is currently assessing the impact of this interpretation. It is expected to clarify the treatment of foreign currency transactions involving advance payments, which may affect the timing and amount of revenue or expense recognition.</p> 	01/04/2025	01/04/2025
<ul style="list-style-type: none"> Improvements to Standards of GRAP, 2023 <p>Nature of Changes: Minor amendments made to align with international best practices and address stakeholder feedback.</p> <p>Expected Impact: Aims to improve consistency and clarity in financial reporting by incorporating minor changes across various standards, ensuring alignment with global accounting practices and stakeholder expectations. Specific impacts vary depending on the nature of the amendments.</p> 	Not yet determined	Not yet determined

1.6 Current year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, 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 presentation and classification of items in the current year is consistent with prior periods.

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2. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2023 to 30 June 2024.

3. INVENTORIES

3.1 Recognition and Initial Measurement

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

3.2 Subsequent Measurement

3.2.1 Consumable Stores

Subsequently, Inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the Weighted Average Method.

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost. The cost is determined using the Weighted Average Method.

3.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the FIFO Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

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3.2.3 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value 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.

4. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Investments – Financial Instruments	Financial Assets at Amortised Cost
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables, and are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost

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4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

4.3.2 Financial Liabilities:

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

4.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

4.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

4.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

5. STATUTORY RECEIVABLES

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

The municipality has the following Statutory Receivables from Exchange Transactions:

- VAT Receivable

The municipality has the following Statutory Receivables from Non-exchange Transactions:

- Assessment Rates
- Fines

5.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliably measured.

The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.
- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines are serviced in terms of the stipulations contained in the Criminal Procedures Act, 1977 (Act No. 51 of 1977) at rates published in the Government Gazette from time to time.

5.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

SWELLENHAM MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor. 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

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- VAT Receivable
- Assessment Rates
- Fines

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

5.4 Derecognition

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers 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 party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of and statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

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6. CONSTRUCTION CONTRACTS

Construction Contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group) of items must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably.

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis.

The municipality assessed all of the contracts in place and found that all of the contracts pertained to Housing Arrangements as those described in ASB's Accounting for Arrangements Undertaken in terms of the National Housing Programme. All of these contracts for the municipality are fixed price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost plus or cost based contract the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Initial Recognition and Measurement

Property, Plant and Equipment are initially recognised at cost.

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.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

7.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

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7.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Asset Class	Years	Asset Class	Years
Buildings		Community	
Improvements	5 - 100	Community Facilities	5 - 100
		Recreational Facilities	5 - 100
Infrastructure		Other	
Electricity	15 - 80	Computer Equipment	3 - 35
Roads and Paving	7 - 80	Furniture and Office Equipment	2 - 40
Sanitation	10 - 100	Information Infrastructure	3 - 30
Solid Waste	15 - 57	Transport Assets	5 - 45
Storm Water	20 - 100		
Water	10 - 102		

7.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

7.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

7.6 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

7.7 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives over a period of 3-8 years or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

7.8 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised.

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8. INTANGIBLE ASSETS

8.1 Initial Recognition and Measurement

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible 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.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

8.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

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

Asset Class	Years
Computer Software Purchased	4 - 16

8.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

9. INVESTMENT PROPERTY

9.1 Initial Recognition and Measurement

At initial recognition, the municipality measures Investment Property at cost. 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.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

9.2 Subsequent Measurement

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 10 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

9.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised.

10. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

10.1 Initial Recognition and Measurement

Heritage Assets are initially recognised at cost.

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.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

10.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised.

11. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

11.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

11.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its 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.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

12. CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants and receipts are subject to specific conditions and can be received from both government and public. If these specific conditions are not met, the monies received are repayable.

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 is transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the liability. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

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

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

14. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money discounted to their present value using a pre-tax discount rate. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

14.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

15. LEASES

15.1 The Municipality as Lessee

15.1.1 Finance Leases

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 capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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15.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

15.2 The Municipality as Lessor

Amounts due from lessees under Finance Leases or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

16. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

17. EMPLOYEE BENEFIT LIABILITIES

17.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

17.1.1 Provision for 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.

Accumulating 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.

17.1.2 Staff Bonuses Accrued

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.

17.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipalities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

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17.1.4 Paid Absences

The municipality pays employees for absence for various reasons including holidays, sickness and short-term disability, and maternity or paternity. The expected cost of short-term employee benefits in the form of paid absences for accumulating paid absences is recognised when the employees render service that increases their entitlement to future paid absences. The expected cost of non-accumulating paid absences is recognised when the absences occur.

17.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

17.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

17.2.2 Defined Benefit Plans

Defined Benefit Cost is made up of the following components:

- Service Cost, comprising:
 - (a) Current Service Cost
 - (b) Settlements
 - (c) Past Service Cost, comprising:
 - Plan Amendments
 - Curtailments
- Net Interest Revenue / Expense
- Remeasurements, comprising:
 - (a) Actuarial Gains and Losses
 - (b) Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability (asset)
 - (c) Any change in the Effect of the Asset Ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

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Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

17.3 Termination Benefits

The municipality provides termination benefits for its employees in terms of the municipality's Employee Benefit Plan.

Termination Benefits to employees is recognised as an expense in the Statement of Financial Performance and as a liability in the Statement of Financial Position when the municipality can no longer withdraw the offer of those benefits.

18. NET ASSETS

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

18.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

18.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

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

- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.

19. REVENUE RECOGNITION

19.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

19.2 Revenue from Non-exchange Transactions

19.2.1 Rates and Taxes

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Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a Time-proportionate Basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

19.2.2 Fines

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

19.2.3 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

19.2.4 Public Contributions

Revenue from public contributions 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 are brought into use.

19.2.5 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

19.2.6 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

19.2.7 Tariff Charges

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

19.2.8 Unclaimed Deposits

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.

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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.

19.2.9 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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 as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

19.3 Revenue from Exchange Transactions

19.3.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption, together with a basic charge. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being 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. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

19.3.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

19.3.3 Rentals Received

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

19.3.4 Income from Agency Services

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Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

19.3.5 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1%, and recognised in surplus or deficit on the time-proportionate basis.

19.3.6 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

19.3.7 Tariff Charges

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

19.3.8 Sale of Goods (including Houses)

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

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

20. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

21. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

22. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, 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 the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

23. 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 (Act No 20 of 1998), or is in contravention of the Municipality or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

24. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

25. COMMITMENTS

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the College commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

26. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Executive Mayor, Speaker, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

28. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

29. SEGMENT REPORTING

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Municipal Governance and Administration.
- Community and Public Safety.
- Economic and Environmental.
- Trading Services.
- Other.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

30. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
1. INVENTORIES		
Consumables	6 008 822	5 367 388
Land	7 591	29 591
Water	63 725	52 704
Total Inventories	6 080 138	5 449 683

The prior year amount for Inventories has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

Consumables are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

Land Inventory relates to properties for sale.

Stationery is held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

Water is held for distribution and measured at the lower of Cost and Net Realisable Value. No write down of Inventory to Net Realisable Value was required.

The cost of Inventories recognised as an expense includes R16 852 732 (2023: R16 384 782), made up as follows:

Consumables	1 614 790	1 707 284
Land	22 000	793 453
Materials and Supplies	6 511 440	6 138 057
Water	8 704 502	7 745 988
Total Inventories Expensed	16 852 732	16 384 782

Erf 30 Buffeljagsrivier is still registered as Mun Overberg District, but is under the control of Swellendam Municipality. This erf is situated in Buffeljagsrivier in the residential part of the town. Council has decided to transfer this property once the legal processes was followed.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balance R	Provision for Impairment R	Net Balance R
As at 30 June 2024			
Service Debtors:	38 273 882	18 549 672	19 724 210
Electricity	13 694 325	1 672 885	12 021 440
Refuse	5 886 217	4 399 763	1 486 454
Sewerage	7 221 694	5 360 074	1 861 620
Merchandising, Jobbing and Contracts	89 607	-	89 607
Other Service Charges	2 574 022	1 934 179	639 843
Water	8 808 017	5 182 771	3 625 247
Other Receivables:	116 396	82 423	33 972
Property Rental Debtors	115 225	82 423	32 802
Housing Selling Scheme	1 171	-	1 171
Other Debtors	17 666 698	-	17 666 698
Insurance Debtors	17 666 698	-	17 666 698
Prepayments and Advances:	511 714	-	511 714
Un-used Prepaid Electricity	511 714	-	511 714
Control, Clearing and Interface Accounts	1 588 411	-	1 588 411
Deposits	4 446 000	-	4 446 000
Total Receivables from Exchange Transactions	62 603 101	18 632 095	43 971 006

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Service Debtors:	30 079 675	13 524 919	16 554 756
Electricity	11 012 700	972 230	10 040 470
Refuse	4 580 704	3 211 671	1 369 033
Sewerage	5 881 147	4 073 352	1 807 795
Merchandising, Jobbing and Contracts	89 607	-	89 607
Other Service Charges	1 860 156	1 519 013	341 143
Water	6 655 362	3 748 654	2 906 708
Other Receivables:	119 316	64 001	55 315
Property Rental Debtors	118 182	64 001	54 181
Housing Selling Scheme	1 134	-	1 134
Prepayments and Advances:	163 129	-	163 129
Un-used Prepaid Electricity	163 129	-	163 129
Control, Clearing and Interface Accounts	3 507 522		3 507 522
Deposits	-	-	-
Total Receivables from Exchange Transactions	33 869 642	13 588 920	20 280 722

The prior year amount for Receivables from Exchange Transactions has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

Included in Service Debtors is an amount of R6 491 348 (2023: R5 514 579) in respect of the consumption of metered services not billed as at 30 June.

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly at the end of the month. No interest is charged on Receivables until the end of the following month. Interest is charged at prime rate, determined by council, on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2024, the municipality is owed R875 445 (30 June 2023: R683 162) by National and Provincial Government.

2.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2024

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Electricity:					
Gross Balances	13 213 767	17 715	12 891	449 952	13 694 325
Less: Provision for Impairment	1 213 519	9 377	9 934	440 055	1 672 885
Net Balances	12 000 247	8 339	2 957	9 897	12 021 440
Refuse:					
Gross Balances	1 837 715	174 130	196 536	3 677 836	5 886 217
Less: Provision for Impairment	468 715	128 694	167 800	3 634 554	4 399 763
Net Balances	1 369 000	45 436	28 736	43 282	1 486 454
Sewerage:					
Gross Balances	2 289 130	195 915	165 368	4 571 281	7 221 694
Less: Provision for Impairment	567 314	141 604	135 790	4 515 366	5 360 074
Net Balances	1 721 816	54 311	29 578	55 916	1 861 620

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Merchandising, Jobbing and Contracts:

Gross Balances	89 607	-	-	-	89 607
Less: Provision for Impairment	-	-	-	-	-
Net Balances	89 607	-	-	-	89 607

Other Service Charges:

Gross Balances	888 604	73 994	34 711	1 576 712	2 574 022
Less: Provision for Impairment	271 103	64 449	30 024	1 568 603	1 934 179
Net Balances	617 501	9 545	4 687	8 109	639 843

Water:

Gross Balances	4 164 499	226 053	194 405	4 223 061	8 808 017
Less: Provision for Impairment	696 230	153 531	156 271	4 176 739	5 182 771
Net Balances	3 468 269	72 522	38 133	46 322	3 625 247

Other Receivables:

Gross Balances	37 988	-	-	78 408	116 396
Less: Provision for Impairment	6 648	-	-	75 775	82 423
Net Balances	31 339	-	-	2 633	33 972

Other Debtors:

Gross Balances	17 666 698	-	-	-	17 666 698
Less: Provision for Impairment	-	-	-	-	-
Net Balances	17 666 698	-	-	-	17 666 698

Prepayments and Advances:

Gross Balances	511 714	-	-	-	511 714
Less: Provision for Impairment	-	-	-	-	-
Net Balances	511 714	-	-	-	511 714

Control, Clearing and Interface Accounts:

Gross Balances	1 588 411	-	-	-	1 588 411
Less: Provision for Impairment	-	-	-	-	-
Net Balances	1 588 411	-	-	-	1 588 411

Deposits for Land

Gross Balances	4 446 000	-	-	-	4 446 000
Less: Provision for Impairment	-	-	-	-	-
Net Balances	4 446 000	-	-	-	4 446 000

As at 30 June Receivables of R460 403 were past due but not impaired. The age analysis of these Receivables are as follows:

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	46 734 132	687 807	603 911	14 577 250	62 603 101
Less: Provision for Impairment	3 223 530	497 655	499 820	14 411 091	18 632 095
Net Balances	43 510 602	190 153	104 091	166 159	43 971 005

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

As at 30 June 2023	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	10 558 786	26 549	14 238	413 128	11 012 700
Less: Provision for Impairment	592 643	8 891	7 524	363 172	972 230
Net Balances	9 966 142	17 658	6 714	49 956	10 040 470
Refuse:					
Gross Balances	1 603 446	147 408	123 296	2 706 553	4 580 704
Less: Provision for Impairment	509 831	101 982	95 588	2 504 271	3 211 671
Net Balances	1 093 615	45 426	27 709	202 283	1 369 033
Sewerage:					
Gross Balances	2 109 368	180 378	151 144	3 440 257	5 881 147
Less: Provision for Impairment	712 674	122 325	115 183	3 123 171	4 073 352
Net Balances	1 396 695	58 053	35 961	317 087	1 807 795
Merchandising, Jobbing and Contracts:					
Gross Balances	89 607	-	-	-	89 607
Less: Provision for Impairment	-	-	-	-	-
Net Balances	89 607	-	-	-	89 607
Other Service Charges:					
Gross Balances	724 765	29 831	62 517	1 043 043	1 860 156
Less: Provision for Impairment	398 282	21 383	57 648	1 041 699	1 519 012
Net Balances	326 483	8 448	4 869	1 344	341 143
Water:					
Gross Balances	3 164 256	208 483	203 542	3 079 081	6 655 362
Less: Provision for Impairment	489 128	130 899	159 381	2 969 246	3 748 654
Net Balances	2 675 129	77 584	44 161	109 835	2 906 708
Other Receivables:					
Gross Balances	53 990	1 971	99	63 255	119 315
Less: Provision for Impairment	7 671	476	99	55 754	64 001
Net Balances	46 319	1 494	-	7 501	55 314
Prepayments and Advances:					
Gross Balances	163 129	-	-	-	163 129
Less: Provision for Impairment	-	-	-	-	-
Net Balances	163 129	-	-	-	163 129
Control, Clearing and Interface Accounts:					
Gross Balances	3 507 522	-	-	-	3 507 522
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 507 522	-	-	-	3 507 522

SWELLEDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

3. STATUTORY RECEIVABLES FROM VAT TRANSACTIONS

	Gross Balance	Provision for Impairment	Net Balances
	R	R	R
As at 30 June 2024			
VAT Receivable	3 702 517	3 174 735	6 877 252
Total Statutory Receivables from VAT Transactions	<u>3 702 517</u>	<u>3 174 735</u>	<u>6 877 252</u>

	Gross Balance	Provision for Impairment	Net Balances
	R	R	R
As at 30 June 2023			
VAT Receivable	2 674 037	2 431 172	5 105 210
Total Statutory Receivables from VAT Transactions	<u>2 674 037</u>	<u>2 431 172</u>	<u>5 105 210</u>

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

	2024 R	2023 R
VAT Balances per Classification		
Statutory Receivable: VAT Control	460 694	564 206
Receivable from Exchange Transactions: VAT Input	6 644 524	4 834 429
Payable from Exchange Transactions: VAT Output	(3 402 701)	(2 724 598)
VAT on Provision for Bad Debts	3 174 735	2 431 172
	<u>6 877 252</u>	<u>5 105 210</u>

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

	2024 R	2023 R
3.1 Reconciliation of Provision for Impairment		
Balance at beginning of year	2 431 172	3 092 079
Impairment Losses recognised	743 563	102 775
Impairment Losses reversed	-	(763 682)
Balance at end of year	<u>3 174 735</u>	<u>2 431 172</u>

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

3. STATUTORY RECEIVABLES FROM VAT TRANSACTIONS

	Gross Balance R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
VAT Receivable	3 702 517	3 174 735	6 877 252
Total Statutory Receivables from VAT Transactions	<u>3 702 517</u>	<u>3 174 735</u>	<u>6 877 252</u>

	Gross Balance R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
VAT Receivable	2 674 037	2 431 172	5 105 210
Total Statutory Receivables from VAT Transactions	<u>2 674 037</u>	<u>2 431 172</u>	<u>5 105 210</u>

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

	2024 R	2023 R
VAT Balances per Classification		
Statutory Receivable: VAT Control	460 694	564 206
Receivable from Exchange Transactions: VAT Input	6 644 524	4 834 429
Payable from Exchange Transactions: VAT Output	(3 402 701)	(2 724 598)
VAT on Provision for Bad Debts	-	-
	<u>3 174 735</u>	<u>2 431 172</u>
	<u>6 877 252</u>	<u>5 105 210</u>

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

	2024 R	2023 R
3.1 Reconciliation of Provision for Impairment		
Balance at beginning of year	2 431 172	3 092 079
Impairment Losses recognised	743 563	102 775
Impairment Losses reversed	-	(763 682)
Balance at end of year	<u>3 174 735</u>	<u>2 431 172</u>

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balance R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Accrued Income	-	-	-
Service Charges (Availability Charges):	3 389 195	3 062 110	327 085
- Electricity	1 298 275	1 162 572	135 702
- Waste Water	991 122	891 089	100 034
- Water	1 099 798	1 008 449	91 349
Total Receivables from Non-exchange Transactions	3 389 195	3 062 110	327 085

	Gross Balance R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Accrued Income	129 538	-	129 538
Service Charges(Availability Charges):	2 925 949	2 615 900	310 049
- Electricity	1 155 411	1 027 495	127 916
- Waste Water	790 568	693 265	97 302
- Water	979 971	895 140	84 831
Total Receivables from Non-exchange Transactions	3 055 488	2 615 900	439 587

Service Charges arise from availability charges levied against vacant property where the service infrastructure is available to the property. Availability Charges are levied for Electricity, Waste Removal, Waste Water and Water Services.

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2024	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Service Charges:					
Gross Balances	434 446	89 533	87 649	2 777 567	3 389 195
Less: Provision for Impairment	177 283	65 791	70 499	2 748 537	3 062 109
Net Balances	257 163	23 742	17 150	29 030	327 085

As at 30 June Receivables of R69 922 were past due but not impaired. The age analysis of these Receivables are as follows:

All Receivables:	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balances	434 446	89 533	87 649	2 777 567	3 389 195
Less: Provision for Impairment	177 283	65 791	70 499	2 748 537	3 062 109
Net Balances	257 163	23 742	17 150	29 030	327 085

As at 30 June 2023	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Accrued Income:					
Gross Balances	129 538	-	-	-	129 538
Less: Provision for Impairment	-	-	-	-	-
Net Balances	129 538	-	-	-	129 538

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Service Charges:

Gross Balances	418 269	80 846	64 121	2 362 713	2 925 949
Less: Provision for Impairment	163 864	60 681	52 035	2 339 321	2 615 900
Net Balances	254 406	20 166	12 086	23 392	310 049

As at 30 June Receivables of R55 643 were past due but not impaired. The age analysis of these Receivables are as follows:

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	547 808	80 846	64 121	2 362 713	3 055 488
Less: Provision for Impairment	163 864	60 681	52 035	2 339 321	2 615 900
Net Balances	383 944	20 166	12 086	23 392	439 587

4.2 Summary of Non-Exchange Debtors by Customer Classification

	Household	Industrial / Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2024				
<u>Current:</u>				
0 - 30 days	434 446	-	-	-
<u>Past Due:</u>				
31 - 60 Days	89 533	-	-	-
61 - 90 Days	87 649	-	-	-
+ 90 Days	2 777 567	-	-	-
Sub-total	3 389 195	-	-	-
Less: Provision for Impairment	3 062 109	-	-	-
Total Non-exchange Debtors by Customer Classification	327 086	-	-	-

	Household	Industrial / Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2023				
<u>Current:</u>				
0 - 30 days	547 808	-	-	-
<u>Past Due:</u>				
31 - 60 Days	80 846	-	-	-
61 - 90 Days	64 121	-	-	-
+ 90 Days	2 362 713	-	-	-
Sub-total	3 055 488	-	-	-
Less: Provision for Impairment	2 615 900	-	-	-
Total Non-exchange Debtors by Customer Classification	439 587	-	-	-

	2024 R	2023 R
4.3 Reconciliation of Provision for Impairment: Non Exchange		
Balance at Beginning of year	2 615 900	2 183 381
Impairment Losses recognised	446 210	432 520
Impairment Losses reversed	-	-
Balance at end of year	3 062 110	2 615 900

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balance R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Property Rates	9 407 215	5 225 026	4 182 189
Fines	118 509 303	98 879 509	19 629 794
Total Statutory Receivables from Non-Exchange Transactions	127 916 518	104 104 535	23 811 984
	Gross Balance R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Property Rates	8 002 452	4 139 855	3 862 597
Fines	102 246 429	91 230 464	11 015 965
Total Statutory Receivables from Non-Exchange Transactions	110 248 881	95 370 319	14 878 562

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

Property Rates is a tax levied by a municipality to a property owner to enable the municipality to perform its functions. Property Rates are calculated by multiplying the market value of the property with a rate determined by the Municipal Council. The levying of this revenue stream is governed by the Municipal Property Rates Act 6 of 2004.

Traffic Fines arise from fines issued by the municipality's traffic officials as well as officials from the Provincial Traffic Department. These fines are issued in accordance with the National Road Traffic Act 93 of 1996, National Land Transport Act 5/2009 as well as the National Road Traffic Regulations of 2000. The fines issued are divided into Section 341 and Section 56 Fines.

Section 341 fines are speed control fines or spot fines. Speed control fines are issued when a motorist is caught speeding on a calibrated radar camera device. The device takes a picture of the vehicle and takes a speed reading. The speeding fine is then delivered to the registered owner of the vehicle by post. The spot fines (pink slip) are issued when the motorist is not at the vehicle and pasted to the window. A printed copy is also delivered to the registered owner of the vehicle by post.

The Section 56 fine is imposed when a motorist is stopped by the traffic officer when an offence occurred or an offence is noted with a routine check. In this case the offender must provide the traffic officer with some sort of identification.

5.1 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2024	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	5 535 884	176 099	129 668	3 565 564	9 407 215
Less: Provision for Impairment	1 455 933	116 245	102 506	3 550 341	5 225 026
Net Balances	4 079 951	59 853	27 162	15 223	4 182 189
Fines:					
Gross Balances	7 006 650	2 968 450	4 178 810	104 355 393	118 509 303
Less: Provision for Impairment	5 846 074	2 476 758	3 486 635	87 070 042	98 879 509
Net Balances	1 160 576	491 692	692 175	17 285 351	19 629 794

As at 30 June Receivables of R18 571 457 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	12 542 534	3 144 549	4 308 478	107 920 958	127 916 518
Less: Provision for Impairment	7 302 007	2 593 004	3 589 141	90 620 384	104 104 535
Net Balances	5 240 527	551 545	719 337	17 300 574	23 811 984

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

As at 30 June 2023	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	4 695 813	168 977	122 958	3 014 705	8 002 452
Less: Provision for Impairment	1 019 225	91 907	80 609	2 948 115	4 139 855
Net Balances	3 676 588	77 070	42 349	66 590	3 862 597
Fines:					
Gross Balances	5 532 604	3 859 950	3 415 250	89 438 625	102 246 429
Less: Provision for Impairment	4 374 697	3 437 150	3 074 945	80 343 672	91 230 464
Net Balances	1 157 907	422 800	340 305	9 094 953	11 015 965

As at 30 June Receivables of R10 044 067 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	10 228 417	4 028 927	3 538 208	92 453 330	110 248 881
Less: Provision for Impairment	5 393 922	3 529 057	3 155 554	83 291 787	95 370 319
Net Balances	4 834 495	499 870	382 654	9 161 543	14 878 562

5.2 Summary of Statutory Receivables Debtors by Customer Classification

	Household	Industrial / Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2024				
<u>Current:</u>				
0 - 30 days	3 859 535	1 627 787	48 562	-
<u>Past Due:</u>				
31 - 60 Days	126 147	47 326	2 626	-
61 - 90 Days	95 376	32 377	1 915	-
+ 90 Days	2 784 310	498 672	282 582	-
Sub-total	6 865 368	2 206 162	335 685	-
Less: Provision for Impairment	3 917 078	973 368	334 579	-
Total Rates Debtors by Customer Classification	2 948 290	1 232 794	1 106	-

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Household	Industrial / Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2023				
<u>Current:</u>				
0 - 30 days	3 247 118	1 422 262	26 433	-
<u>Past Due:</u>				
31 - 60 Days	105 083	61 477	2 417	-
61 - 90 Days	78 060	42 459	2 439	-
+ 90 Days	2 443 105	319 370	252 230	-
Sub-total	5 873 365	1 845 569	283 519	-
Less: Provision for Impairment	3 258 281	616 675	264 898	-
Total Rates Debtors by Customer Classification	2 615 083	1 228 894	18 621	-

	2024 R	2023 R
5.3 Reconciliation of Provision for Impairment		
Balance at Beginning of Year:	95 370 319	82 286 299
Property Rates	4 139 855	3 488 165
Fines	91 230 464	78 798 134
Impairment Losses Recognised:	8 734 216	13 084 020
Property Rates	1 085 171	651 690
Fines	7 649 045	12 432 330
Balance at end of year	104 104 535	95 370 319

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

6. CASH AND CASH EQUIVALENTS

	R	R
Current Investments	93 346 738	17 329 376
Bank Accounts	85 164 736	104 439 194
Cash on Hand	4 650	4 650
Total Bank, Cash and Cash Equivalents	178 516 123	121 773 220

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Investments (up to 6 months) & Call accounts	93 346 738	17 329 376
Total Current Investment Deposits	93 346 738	17 329 376

Investments & Call accounts are investments with a maturity period of up to 6 months and earn interest rates varying from 7.25% to 9.60% (2023: 2.23% to 4.5%) per annum.

Guarantees Granted

In favour of Eskom	2 000	2 000
In favour of Department of Minerals and Energy	20 000	20 000
In favour of Diale Mogashoa Inc Attorneys (Withdrawn in August 2024)	-	5 112 900
Total Guarantees Granted	22 000	5 134 900

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

6.2 Bank Accounts	2024 R	2023 R
Cash in Bank	85 164 736	104 439 194
Total Bank Accounts	<u>85 164 736</u>	<u>104 439 194</u>

The Municipality has the following operational bank accounts:

Primary Bank Account

Cash book balance at beginning of year	101 097 253	51 961 526
Cash book balance at end of year	<u>78 959 775</u>	<u>101 097 253</u>

ABSA Bank - Swellendam Branch - Cheque Account Number: 2390560039

Bank statement balance at beginning of year	100 807 809	51 685 895
Bank statement balance at end of year	<u>78 558 415</u>	<u>100 807 809</u>

Current Account

Cash book balance at beginning of year	3 341 941	5 462 558
Cash book balance at end of year	<u>6 204 961</u>	<u>3 341 941</u>

First National Bank - Swellendam Branch - Cheque Account Number: 53840005730

Bank statement balance at beginning of year	3 341 941	5 462 558
Bank statement balance at end of year	<u>6 204 961</u>	<u>3 341 941</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

The carrying value of these assets approximates their fair value.

6.3 Cash on Hand

Cash Floats and Advances	4 650	4 650
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>4 650</u>	<u>4 650</u>

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

7. PROPERTY, PLANT AND EQUIPMENT

30 June 2024

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2023	20 834 200	7 790 458	411 880 838	49 066 568	8 017 718	14 513 975	512 103 757
Cost	29 548 112	9 676 507	523 778 594	57 496 865	21 001 068	23 795 035	665 296 180
- Completed Assets	29 548 112	9 676 507	516 399 482	57 496 865	21 001 068	23 795 035	657 917 068
- Under Construction	-	-	7 379 112	-	-	-	7 379 112
Accumulated Impairment Losses	(8 713 912)	(613 620)	(1 166 471)	(4 701 452)	(1 475 489)	(2 612)	(16 673 556)
Accumulated Depreciation	-	(1 272 429)	(110 731 285)	(3 728 845)	(11 507 861)	(9 278 447)	(136 518 866)
Acquisition of Assets							
- Cost	0	486 842	15 792 356	2 158 344	4 946 499	-	23 384 040
- Capital Under Construction	-	264 213	29 237 809	-	-	-	29 502 022
Decommissioning and other Liabilities	-	-	(705 834)	-	-	-	(705 834)
Depreciation	-	(134 447)	(13 800 848)	(747 921)	(2 336 067)	(1 747 409)	(18 766 693)
Carrying value of Disposals:	(11 521)	-	(284 189)	(66 447)	(792 519)	(1 605)	(1 156 281)
- Cost	(11 521)	-	(956 792)	(66 447)	(2 402 492)	(78 138)	(3 515 389)
- Accumulated Impairment Losses	-	-	26 703	-	103 475	-	130 178
- Accumulated Depreciation	-	-	645 900	-	1 506 498	76 532	2 228 931
Impairment Losses	(9 100)	(863 938)	(7 642 110)	(777 751)	635 317	(938)	(8 658 520)
Capital under Construction - Completed	-	-	(30 750 846)	-	-	-	(30 750 846)
Other Movements	-	-	30 750 846	(435)	-	-	30 750 411
- Cost	-	-	30 750 846	-	-	-	30 750 846
- Accumulated Depreciation	-	-	-	(435)	-	-	(435)
Carrying values at 30 June 2024	20 813 579	7 543 127	434 478 021	49 632 358	10 470 949	12 764 024	535 702 057
Cost	29 536 591	10 427 562	567 146 132	59 588 761	23 545 075	23 716 897	713 961 019
- Completed Assets	29 536 591	10 163 349	561 280 057	59 588 761	23 545 075	23 716 897	707 830 731
- Under Construction	-	264 213	5 866 075	-	-	-	6 130 288
Accumulated Impairment Losses	(8 723 012)	(1 477 558)	(8 781 878)	(5 479 203)	(736 698)	(3 550)	(25 201 899)
Accumulated Depreciation	-	(1 406 876)	(123 886 233)	(4 477 201)	(12 337 429)	(10 949 323)	(153 057 063)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2023

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2022	20 845 200	7 865 314	367 265 492	47 876 998	8 214 554	10 068 236	462 135 793
Cost	29 560 112	9 618 934	467 880 425	55 689 045	18 218 415	18 979 570	599 946 502
- Completed Assets	29 560 112	9 618 934	411 701 332	55 378 902	18 218 415	18 979 570	543 457 266
- Under Construction	-	-	56 179 094	310 143	-	-	56 489 237
Accumulated Impairment Losses	(8 714 912)	(613 620)	(1 107 705)	(4 703 452)	-	-	(15 139 689)
Accumulated Depreciation	-	(1 140 000)	(99 507 229)	(3 108 595)	(10 003 862)	(8 911 335)	(122 671 021)
Acquisition of Assets							
- Cost	-	57 573	46 199 860	1 812 404	2 868 958	5 377 646	56 316 440
- Capital Under Construction	-	173 850	6 745 820	1 546 510	-	-	8 466 180
Decommissioning and other Liabilities	-	-	3 669 163	-	-	-	3 669 163
Depreciation	-	(132 429)	(11 371 424)	(620 867)	(1 582 493)	(697 275)	(14 404 489)
Carrying value of Disposals:	(11 000)	-	(419 464)	(1 967)	(7 812)	(232 018)	(672 261)
- Cost	(12 000)	-	(566 833)	(4 585)	(86 305)	(562 181)	(1 231 904)
- Accumulated Impairment Losses	1 000	-	-	2 000	-	-	3 000
- Accumulated Depreciation	-	-	147 368	618	78 494	330 163	556 643
Impairment Losses	-	-	(58 766)	-	(1 475 489)	(2 612)	(1 536 867)
Capital under Construction - Completed	-	(173 850)	(55 545 802)	(1 856 653)	-	-	(57 576 305)
Other Movements	-	-	55 395 961	310 143	-	-	55 706 104
- Cost	-	-	55 395 961	310 143	-	-	55 706 104
- Accumulated Depreciation	-	-	-	-	-	-	-
Carrying values at 30 June 2023	20 834 200	7 790 458	411 880 838	49 066 568	8 017 718	14 513 975	512 103 757
Cost	29 548 112	9 676 507	523 778 594	57 496 865	21 001 068	23 795 035	665 296 180
- Completed Assets	29 548 112	9 676 507	516 399 482	57 496 865	21 001 068	23 795 035	657 917 068
- Under Construction	-	-	7 379 112	-	-	-	7 379 112
Accumulated Impairment Losses	(8 713 912)	(613 620)	(1 166 471)	(4 701 452)	(1 475 489)	(2 612)	(16 673 556)
Accumulated Depreciation	-	(1 272 429)	(110 731 285)	(3 728 845)	(11 507 861)	(9 278 447)	(136 518 866)

The prior year amount for Property, Plant and Equipment has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

7. PROPERTY, PLANT AND EQUIPMENT (Continued)	2024 R	2023 R
Proceeds on Disposal of Property, Plant and Equipment:-		
Disposals of Property, Plant and Equipment	1 156 281	672 261
(Gains) / Losses on Disposal of Property, Plant and Equipment Note 46	(922 368)	(100 397)
Total Proceeds on Disposal of Property, Plant and Equipment allocated to Cash Flow	233 913	571 864

7.1 PPE for which the Municipality does not have the legal title, but has control:

Carrying Value at year-end:

Erf 420 - Suurbraak	Library	885 049	922 191
Erf 310 - Suurbraak	Stores	510 167	575 352
10 Erven - Swellendam	Street Corridors	10 000	9 100
		1 405 216	1 506 643

Key Judgements and Assumptions applied

The Provincial Government, Western Cape, transferred Erf 420 Suurbraak. However, this erf consists out of two properties that are built on the property. One is the clinic and one is the main building (other assets) with the library (community assets) and old post office (Investment property). The erf should have been subdivided before it was transferred. Swellendam Municipality is in the process to address with Province to rectify as the main building with a library and rented offices is under their control.

Erf 310 Suurbraak consists out of the municipal stores (mainly) and a building that is let out. Swellendam Municipality utilises the stores to perform their mandated functions and they receive the income of the building which is let out. They are responsible for the insurance and municipal accounts for this property. Swellendam Municipality controls Erf 310 Suurbraak and exercise the right to direct access to the property and generate future economic and service potential of the property. A process will be initiated to address the ownership of this property.

8 Erven is situated in Swellendam which consists out of streets, which is part of Swellendam Municipality mandated functions. These erven still have to be transferred to Swellendam Municipality.

7.2 PPE for which the Municipality has the legal title, but does not have the control:

Valuation as reflected on the 2023 Valuation Roll:

10 Erven (2022/23: 10 Erven) - Swellendam	Part of the N2 National Road	10 000	10 000
116 Erven (2022/23: 143 Erven) - Swellendam	Erven	16 370 200	13 443 000
		16 380 200	13 453 000

Key Judgements and Assumptions applied

10 Erven form part of the N2 National Road , which is not part of the Municipality's mandated function.

116 Erven still to be transferred to private owners as they control the assets, they can exercise the right to direct access to the property and generate future economic and service potential of the property. The private owners is responsible for the municipal accounts.

7.3 Assets pledged as security

The municipality's obligations under Finance Leases (see Note 16) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
7.4 Impairment of Property, Plant and Equipment		
Impairment Losses on Property, Plant and Equipment to the amount of R8 658 520 (2023: R1 536 867) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 37.		
The amount disclosed for impairment losses on Property, Plant and Equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:		
Land	9 100	-
Buildings	863 938	-
Community Assets	777 751	-
Infrastructure	7 642 110	58 766
Other Assets	(635 317)	1 475 489
Transport Assets	938	2 612
Total Impairment of Property, Plant and Equipment	8 658 520	1 536 867

Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant

7.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

A change in the estimated useful life of various assets of the municipality has resulted in the following increases (2023: decreases) in depreciation for the mentioned asset classes for the financial year:

Land	5 304	-
Infrastructure	106 567	-
Other Assets	198 382	(3 465)
Total Change in Estimate for Useful Life of Property, Plant and Equipment	310 253	(3 465)
The change in estimates will result in an increase of R310 253 (decrease 2023: R3 465) in the depreciation expense for the municipality over the next three financial years:		
Financial Year 2022/23	-	(3 465)
Financial Year 2023/24	310 253	-
Total Change in Estimate for Useful Life of Property, Plant and Equipment	310 253	(3 465)

7.6 Work-in-Progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

Infrastructure	5 866 075	7 379 112
Total Carrying Amounts of Work-in-Progress	6 130 288	7 379 112

	2024 R	2023 R
7.7 Delayed Projects		
Project Details	Delayed or Halted	
Infrastructure Asset		
Barrydale Waste Water Treatment Works	769 642	769 642
Reason: The project was halted due to counter funding availability. The cost incurred was for consultancy fees. New planning processes is planned for 2023 to commence with the project.		
Total Carrying Amounts of Delayed or Halted Projects	769 642	769 642

SWELLENDAAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

7.8 Expenditure incurred for Repairs and Maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

	2024 R	2023 R
- Contracted Services	15 027 971	12 140 054
- Inventory Consumed	5 249 134	5 002 244
- Labour	11 643 146	9 742 365
- Operating Leases	-	-
- Other Operational Costs	806 285	551 857
Total Expenditure related to Repairs and Maintenance Projects	32 726 536	27 436 520

8. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

466 149	566 906
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The movement in Intangible Assets is reconciled as follows:

Software Purchased:

Carrying values at 01 July

Cost	566 906	661 987
Accumulated Amortisation	1 305 560	1 232 943
	(738 654)	(570 956)

Acquisitions:
Purchased

124 076	72 617
124 076	72 617

Amortisation:
Purchased

(127 755)	(167 698)
(127 755)	(167 698)

Disposals:
At Cost
At Accumulated Amortisation

(97 078)	-
(504 950)	-
407 872	-

Carrying values at 30 June

Cost	466 149	566 906
Accumulated Amortisation	924 686	1 305 560
	(458 536)	(738 654)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 36).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

8.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

8.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
8.3 Change in Estimate - Useful Life of Intangible Assets reviewed		
A change in the estimated useful life of various assets of the municipality has resulted in the following decreases in depreciation for the mentioned asset classes for the financial year:		
Computer Software	49 554	-
Total Change in Estimate for Useful Life of Intangible Assets	49 554	-

The change in estimates will result in an increase of R49 554 (2023: R0) in the amortisation expense for the municipality over the next three financial years.

Financial Year 2023/24	49 554	-
Total Change in Estimate for Useful Life of Intangible Assets	49 554	-

	2024 R	2023 R
9. INVESTMENT PROPERTY		
At Cost less Accumulated Depreciation	9 472 991	11 034 185

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July	11 034 185	11 703 507
Cost	12 748 741	13 366 266
Accumulated Depreciation	(745 120)	(693 323)
Accumulated Impairment Losses	(969 436)	(969 436)
Acquisitions during the Year	-	-
Cost	-	-
Depreciation during the Year	(52 212)	(52 088)
Disposals during the Year:	(1 508 982)	(617 234)
At Cost	(1 713 507)	(617 525)
At Accumulated Depreciation	204 525	291
Carrying values at 30 June	9 472 991	11 034 185
Cost	11 035 234	12 748 741
Accumulated Depreciation	(592 806)	(745 120)
Accumulated Impairment	(969 436)	(969 436)

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	328 824	792 472
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9.1 Investment Property for which the Municipality does not have the legal title, but has control:

Carrying Value at year-end:		
Erf 420 - Suurbraak	278 228	281 251
Old Post Office		
	278 228	281 251

Key Judgements and Assumptions applied

The Provincial Government, Western Cape, transferred Erf 420 Suurbraak. However, this erf consists out of two properties that are built on the property. One is the clinic and one is the main building (other assets) with the library (community assets) and old post office (Investment property). The erf should have been subdivided before it was transferred. Swellendam Municipality is in the process to address with Province to rectify as the main building with a library and rented offices is under their control.

9.2 Expenditure incurred for Repairs and Maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Contracted Services	5 784	5 961
Inventory Consumed	1 207	-
	6 992	5 961

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

10. HERITAGE ASSETS

30 June 2024

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
Carrying values at 01 July 2023	R	R
Cost	170 979	170 979
	170 979	170 979
Acquisitions	-	-
Carrying values at 30 June 2024	170 979	170 979
Cost	170 979	170 979

30 June 2023

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
Carrying values at 01 July 2022	R	R
Cost	170 979	170 979
	170 979	170 979
Acquisitions	-	-
Carrying values at 30 June 2023	170 979	170 979
Cost	170 979	170 979

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

SWELLENBAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

11. LEASE RECEIVABLES	2024 R	2023 R
Current Lease Receivables	367 962	328 985
Non-current Lease Receivables	-	-
Total Lease Receivables	367 962	328 985
11.1 Lease Receivables		
Operating Leases	367 962	328 985
Less: Current Portion transferred to Current Lease Receivables:-	367 962	328 985
Operating Leases	367 962	328 985
Non-Current Portion of Operating Lease Receivables	-	-
The prior year amount for Operating Lease Receivables has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the		
11.1.1 Leasing Arrangements		
The Municipality entered into operating Leasing Arrangements for Municipal Land, Building, and Sport Club rentals. All leases are denominated in currency units that have a specific income condition.		
11.1.2 Amounts receivable under Operating Leases		
At the Reporting Date the following minimum lease payments were receivable under Non-Cancellable Operating Leases for Land and Buildings, which are receivable as follows:		
Up to 1 year	528 854	514 374
2 to 5 years	1 840 034	2 013 167
More than 5 years	521 082	876 803
Total Operating Lease Arrangements	2 889 970	3 404 343

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

12. LONG-TERM RECEIVABLES	2024 R	2023 R
Property Rates	344 706	203 872
Trading Service Debtors	2 880 671	2 627 224
Total Long Term Receivables	<u>3 225 377</u>	<u>2 831 096</u>
Provision for Impairment: Property Rates	(300 457)	(171 975)
Provision for Impairment: Trading Service Debtors	(2 645 431)	(2 434 167)
Non-Current Portion of Long Term Receivables	<u><u>279 489</u></u>	<u><u>224 953</u></u>

The prior year amount for Long-term Receivables has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

12.1 Summary of Receivables

Non- Exchange Receivables with Arrangements - At Amortised Cost:

Rates	495 959	358 504
Less: Current Portion transferred to Receivables from Exchange Transactions	(151 254)	(139 090)
Less: Provision for Debt Impairment	(300 457)	(171 975)
Total Non-Current Receivables from Exchange Transactions	<u><u>44 248</u></u>	<u><u>47 439</u></u>

Exchange Receivables with Arrangements - At Amortised Cost:

Electricity	349 744	444 003
Water	1 239 777	1 150 587
Refuse	924 177	795 385
Sewerage	1 210 612	1 114 456
Rentals	3 850	13 192
Sundry Receivables	495 959	555 714
	<u>4 224 119</u>	<u>4 073 337</u>
Less: Current Portion transferred to Receivables from Exchange Transactions	<u>(1 365 267)</u>	<u>(1 461 655)</u>
	2 858 852	2 611 682
Less: Provision for Debt Impairment	(2 645 431)	(2 434 167)
Total Non-Current Receivables from Exchange Transactions	<u><u>213 421</u></u>	<u><u>177 515</u></u>

TRADING SERVICE DEBTORS

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 48 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

SWELLENHAM MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

13. CONSUMER DEPOSITS	2024 R	2023 R
Electricity	781 834	733 074
Water	545 377	455 617
Other Deposits:-	3 454 921	3 113 157
- Building Plans	3 024 525	2 691 950
- Rental Properties	276 897	269 707
- Wayleave	153 500	151 500
Total Consumer Deposits	4 782 132	4 301 848

The prior year amount for Consumer Deposits has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

Consumer Deposits - Electricity and Water

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 account.

Consumer Deposits - Building Plans

Deposits for building plans are paid when such plans are submitted. These deposits are held until completion of the building and paid out when a final occupancy certificate are issued.

Consumer Deposits - Rental Properties

Deposits are paid for the rental of properties. Deposits will not be repaid in the case of outstanding rent or in the case of property being damaged.

No interest is paid on Consumer Deposits held.

14. PAYABLES FROM EXCHANGE TRANSACTIONS	2024 R	2023 R
Other Payables:	17 968 354	1 841 093
Accrued Interest	454 256	468 858
Construction Contracts	16 436 704	-
Control, Clearing and Interface Accounts	1 039 727	1 192 738
Unallocated Deposits	37 667	179 497
Retentions	1 295 700	1 249 738
Trade Creditors:	57 255 168	31 303 179
Advance Payments	2 659 017	2 612 683
Total Payables from Exchange Transactions	79 178 239	37 006 693

The average credit period on purchases is 74 (2023: 53) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

14.1 Construction Contracts in Progress at Statement of Financial Position Date	2024 R	2023 R
Reconciliation of Contracts for the Year		
Contract Revenue for the Year	56 264 552	2 299 981
Contract Costs for the Year	(56 264 552)	(2 299 981)
Unpaid Deliverables at Year End	(16 436 704)	-
Balance at Year End	(16 436 704)	-
Amounts due from/(Prepaid by) Customers		
Opening Balance of Advance Receivable	-	-
Progress Billings for the Period (with reference to stage of completion)	56 264 552	2 299 981
Advances Received During the Period	(72 701 256)	(2 299 981)
Amounts due from/(Prepaid by) Customers	(16 436 704)	-
Less: Retentions Held	-	-
Total due from/(prepaid by) Customers	(16 436 704)	-

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
Contracts in Progress at Year End		
Budgeted Construction Deliverables due at the Beginning of the Year	-	-
New Deliverables Due	(72 701 256)	(2 299 981)
Contract Deliverables Met	56 264 552	2 299 981
Total due from/(prepaid by) customers	(16 436 704)	-
Reconciliation of construction contracts balance		
Opening Balance	-	-
Receipts for the Year	(72 701 256)	(2 299 981)
Deliverables met (Revenue Recognised)	56 264 552	2 299 981
Total Construction Construction Balance	(16 436 704)	-

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS	2024 R	2023 R
Departmental Agencies and Accounts	554 610	633 418
District Municipalities	144 443	72 578
National Government	1 505 353	10 608 155
Provincial Government	19 775 807	9 080 533
Total Unspent Conditional Grants and Receipts	21 980 212	20 394 684

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 25 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

16. LEASE PAYABLES	2024 R	2023 R
Current Lease Payables:	421 942	377 953
Operating Lease Payables	19 917	16 437
Finance Lease Payables	402 025	361 517
Non-current Lease Payables	214 499	616 524
Operating Lease Payables	-	-
Finance Lease Payables	214 499	616 524
Total Lease Payables	636 441	994 477
16.1 Operating Lease Payables		
Balance at beginning of year	16 437	9 046
Operating Lease Expenses recorded	434 754	323 691
Operating Lease Payments effected	(431 274)	(316 301)
Total Operating Lease Liabilities	19 917	16 437

16.1.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Land and Buildings with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
16.1.2 Amounts Payable under Operating Leases		
At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:		
Buildings:	830 996	1 262 234
Up to 1 year	455 332	431 238
2 to 5 years	375 664	830 996
More than 5 years	-	-
Total Operating Lease Arrangements	830 996	1 262 234

The Non-Cancellable Operating Leases for the prior year has been adjusted.

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	434 754	323 691
Total Operating Lease Expenses	434 754	323 691

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Buildings

	2024 R	2023 R
16.2 Finance Lease Payables		
Finance Lease Liability	616 524	978 040
Total Lease Payables	616 524	978 040
Less: Current Portion transferred to Current Lease Payables:-	(402 025)	(361 517)
Finance Lease Liability	(402 025)	(361 517)
Non-Current Portion of Finance Lease Payables	214 499	616 524

16.2.1 Obligations under Leases

The Municipality as Lessee:

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Future Minimum Finance Lease Payments		Present Value of Minimum Lease Payments	
	2024 R	2023 R	2024 R	2023 R
Amounts payable under borrowings:				
Within one year	448 718	448 718	402 026	361 516
In the second to fifth years, inclusive	221 733	670 451	214 498	616 524
Over five years	-	-	-	-
	670 451	1 119 168	616 524	978 040
Less: Future Finance Obligations				
Within one year	(46 692)	(87 201)	-	-
In the second to fifth years, inclusive	(7 236)	(53 927)	-	-
Over five years				
Present Value of Minimum Lease Obligations	616 524	978 040	616 524	978 040

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17. BORROWINGS	2024 R	2023 R
Long-Term Borrowings	27 487 801	28 218 504
Annuity Loans	27 487 801	28 218 504
Less: Current Portion transferred to Current Borrowings:-	4 161 118	4 230 703
Annuity Loans	4 161 118	4 230 703
Non-Current Portion of Borrowings	23 326 683	23 987 800

17.1 Summary of Arrangements

Unsecured annuity loans at amortised cost consist of 3 (2023: 4) contracts with DBSA, with interest rates between 9.1% and 12,20%, with maturity dates between 2024 and 2030.

Unsecured annuity loans at amortised cost consist of 4 contracts with ABSA, with interest rates between 9,0% and 10,9%, with maturity dates between 2025 and 2039.

At the Reporting Date the obligations under Annuity Loans were as follows:

Up to 1 year	6 669 076	6 015 077
2 to 5 years	19 961 492	20 072 891
More than 5 years	15 429 023	17 049 192
	42 059 591	43 137 160
Less: Future Finance Obligations	(14 571 790)	(14 918 656)
Present value of Annuity Loan Obligations	27 487 801	28 218 504

18. EMPLOYEE BENEFIT LIABILITIES	2024 R	2023 R
Employee Benefit Liabilities	54 257 022	49 031 924
Bonus	3 457 910	3 185 989
Leave	9 666 112	8 790 935
Post-retirement Health Care Benefits Liability	34 278 000	30 590 000
Long Service Awards Liability	6 855 000	6 465 000
Less: Current Portion of Employee Benefit Liabilities	15 175 022	13 976 924
Bonus	3 457 910	3 185 989
Leave	9 666 112	8 790 935
Post-retirement Health Care Benefits Liability	1 242 000	1 128 000
Long Service Awards Liability	809 000	872 000
Non-Current Portion of Employee Benefit Liabilities	39 082 000	35 055 000

18.1 Current Portion of Employee Benefit Liabilities

Bonus Provision

Opening Balance	3 185 989	3 329 490
Increases	3 457 910	3 185 990
Payments Made	(2 810 878)	(3 189 613)
Reversals	(375 111)	(139 878)
Balance at end of year	3 457 910	3 185 989

Bonus Provision: Staff bonuses accrued to employees according to the standard contract of employment. Provision is made for the full cost of accrued bonuses at reporting date. This provision will be realised when bonuses are paid during November of the next year.

SWELLEDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
Leave Provision		
Opening Balance	8 790 935	8 511 010
Increases	1 131 554	716 238
Payments Made	(256 376)	(436 313)
Reversals	-	-
Balance at end of year	9 666 112	8 790 935

Leave Provision: 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.

Long-term Service

Opening Balance	872 000	698 000
Increases	-	653 126
Actual employer benefit payments	-	(479 126)
Reversals	(63 000)	-
Balance at end of year	809 000	872 000

Post Retirement Health Care

Opening Balance	1 128 000	1 005 000
Interest cost	-	-
Current service cost	114 000	123 000
Actual employer benefit payments	-	-
Actuarial loss/ (gain) recognised in the year	-	-
Balance at end of year	1 242 000	1 128 000

18.1.1 Post-retirement Benefit Liabilities

Present Value of the Defined Benefit Obligations

Current Liabilities	2 051 000	2 000 000
Non-current Liabilities	39 082 000	35 055 000
Defined Benefit Liability recognised in Statement of Financial Position (wholly unfunded)	41 133 000	37 055 000

The municipality does not provide any other post-retirement or long service benefits beyond these.

18.1.1.1 Post-retirement Health Care Benefits Liability

Opening Balance	30 590 000	30 974 000
Interest Cost	3 764 000	3 609 000
Current Service Cost	1 401 000	1 518 000
Actual Employer Benefit Payments	(1 113 601)	(1 019 458)
Actuarial Loss/ (Gain) recognised in the year	(363 399)	(4 491 542)
Balance at end of Year	34 278 000	30 590 000
Transfer to Current Provisions	1 242 000	1 128 000
Total Post-retirement Health Care Benefits Liability	33 036 000	29 462 000

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2024

2023

Characteristics of the Defined Benefit Plan

The municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement. Employees employed after 20 January 2009 will only be considered for a post-employment subsidy if they have completed at least 15 years of service at retirement.

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

The post-employment subsidies are not limited to any maximum subsidy.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. The minimum service condition mentioned above does not apply to the death in service benefit. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Risks of the Defined Benefit Plan

Inflation Risk: The is risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled

Longevity Risk: There is a risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

Volatility Risk: There is a risk that the DBO may be volatile which is exacerbated by its long-term nature.

Future change in legislation risk: There is a risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

Enforcement of eligibility criteria and rules Risk: There is a risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	229	208
In-service Non-members (Employees)	37	40
Continuation Members (Retirees, widowers and orphans)	20	22
Total Members	286	270

During the current year, the municipality adjusted its estimates to account for an increased percentage of in-service non-members who might be able to afford medical aid in the future. This change reflects an acknowledgment that some employees, previously unable to afford medical aid, might now be able to do so.

The municipality anticipates that 15% of these employees, consistent with the previous year's estimate, might join a medical aid scheme before retirement. This projected joining rate of 15% was established by examining the municipality's historical data in combination with national statistics, as analysed by actuaries.

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

	R	R
In-service Members	20 677 000	16 763 000
In-service Non-members	1 625 000	1 619 000
Continuation Members	11 976 000	12 208 000
Total Liability	34 278 000	30 590 000

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2024

2023

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 17.0 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:

	R
Within 1 year	1 242 000
Between 1 - 2 years	1 616 000
Between 2 - 3 years	1 880 000
Between 3 - 4 years	2 331 000
Between 4 - 5 years	2 647 000
6 to 10 years	17 978 000
11 to 15 years	32 247 000
16 to 20 years	54 061 000
21 to 25 years	80 349 000
26 to 30 years	112 184 000
31 to 40 years	325 695 000
41 to 50 years	387 150 000
51 to 60 years	334 917 000
61 to 70 years	193 525 000
71 to 80 years	59 579 000

Total Benefit Payments

1 607 401 000

The benefits payments are scheduled based on the expected retirement ages of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as retirements, mortality rates, and changes in employment within the municipality.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed
- Sizwe Hosmed

The Current-service Cost for the year ending 30 June 2024 is estimated to be R1 401 000, whereas the cost for the ensuing year is estimated to be R1 490 000 (30 June 2023: R1 518 000 and R1 401 000 respectively).

2024

2023

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate - In-service Members	12,30%	12,53%
Health Care Cost Inflation Rate - In-service Members	7,77%	8,13%
Net Effective Discount Rate - In-service Members	4,20%	4,07%
Expected Retirement Age - Females	59	59
Expected Retirement Age - Males	62	62

General:

It is assumed that the municipality's health care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits receivable and the contributions payable would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

Discount Rate:

Assumption: 12.30%

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

Consequently, a discount rate of 12.30% per annum has been used. The corresponding index-linked yield at this term is 5.20%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 28 June 2024.

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2024 **2023**

Medical aid Inflation Rate
Assumption: 7.77%
Medical Aid contribution inflation rate was set with reference to the past relationship between the discount rate for each relevant time period and medical aid contribution inflation rate for each relevant time period.

Mortality Rate
Assumption: PA 85-90
This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the sector.

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

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

		2024	2023
		R	R
Movements in the present value of the Defined Benefit Obligation were as follows:			
Opening Balance		30 590 000	30 974 000
Service Cost:		1 401 000	1 518 000
Current Service Cost		1 401 000	1 518 000
Interest Expense	Refer Note 38	3 764 000	3 609 000
Payments from the Defined Benefit:		(1 113 601)	(1 019 458)
Payment of Benefits	Refer Note 34	(1 113 601)	(1 019 458)
Remeasurement of Defined Benefit:		(363 399)	(4 491 542)
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 45	(363 399)	(4 491 542)

Total Recognised Benefit Liability	34 278 000	30 590 000
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The amounts recognised in the Statement of Financial Position are as follows:

Present Value of Fund Obligations	34 278 000	30 590 000
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Total Benefit Liability	34 278 000	30 590 000
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The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	3 764 000	3 609 000
Interest cost	1 401 000	1 518 000
Actuarial losses / (gains)	(363 399)	(4 491 542)

Total Post-retirement Benefit included in Employee Related Costs (Note 34.) and Gains and other operations under (Note 46)	4 801 601	635 458
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The history of fair values are as follows:

	2024	2023	2022	2021	2020
	R	R	R	R	R
Present Value of Defined Benefit Obligation	34 278 000	30 590 000	30 974 000	29 654 000	24 660 000
Deficit	34 278 000	30 590 000	30 974 000	29 654 000	24 660 000
Experienced adjustments on Plan Liabilities	298 000	131 000	(1 932 000)	(472 000)	1 308 000

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
Assumed rates for health care cost trends significantly impact the figures recorded in surplus or deficit. The effect of a $\pm 1\%$ movement in the assumed rate of medical aid contribution inflation rate is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	900 000	982 000
Effect on the defined benefit obligation	5 202 000	4 680 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(721 000)	(781 000)
Effect on the defined benefit obligation	(4 259 000)	(3 826 000)
Medical aid contribution inflation rate range:	$\pm 1\%$	$\pm 1\%$

Assumed rates for health care cost trends significantly impact the figures recorded in surplus or deficit. The effect of a $\pm 1\%$ movement in the assumed rate of discount rate is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	(415 000)	(477 000)
Effect on the defined benefit obligation	(4 070 000)	(3 660 000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	509 000	588 000
Effect on the defined benefit obligation	5 020 000	4 523 000
Discount rate range:	$\pm 1\%$	$\pm 1\%$

Assumed rates for health care cost trends significantly impact the figures recorded in surplus or deficit. The effect of a ± 1 year movement in the assumed post-employment mortality is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	(135 000)	(147 000)
Effect on the defined benefit obligation	(909 000)	(818 000)
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	135 000	146 000
Effect on the defined benefit obligation	898 000	809 000
Post-employment mortality range:	± 1 year	± 1 year

The sensitivity analyses was prepared using the projected unit credit method, which is consistent with the method used to value the DBO in the financial statements. The analyses assume a parallel shift in the respective actuarial assumptions while holding all other assumptions constant. It is important to recognise that the use of this method does not imply that the impact of changes in actuarial assumptions is linear or follows any predictable pattern.

The municipality expects to make a contribution of R1 490 000 (2023: R1 401 000) to the Defined Benefit Plans during the next financial year. This estimated contribution takes into account current salary levels, the number of participating employees, and actuarial assumptions regarding demographic and financial factors. These contributions are designed to secure sufficient assets to meet the plan's future benefits obligations as they

Refer to Note 54, "Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

18.1.1.2 Long Service Awards Liability

Opening Balance	6 465 000	6 355 000
Increases	517 000	515 000
Payments Made	(758 370)	(479 126)
Other Reductions	(48 630)	(588 874)
Increases (Passage of Time/Discounted Rate)	680 000	663 000
Balance at end of Year	6 855 000	6 465 000
Transfer to Current Provisions	809 000	872 000
Total Long Service Awards Liability	6 046 000	5 593 000

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2024

2023

Characteristics of the Defined Benefit Plan

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

Risks of the Defined Benefit Plan

Inflation Risk: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Termination of service risk: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

Volatility of open-ended, long-term DBO risk: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules risk: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation risk: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 273 (2023: 253) employees were eligible for Long-service Awards.

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 8.5 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:

	R
Within 1 year	809 000
Between 1 - 2 years	816 000
Between 2 - 3 years	1 616 000
Between 3 - 4 years	1 048 000
Between 4 - 5 years	1 235 000
6 to 10 years	7 268 000
11 to 15 years	6 741 000
16 to 20 years	5 987 000
21 to 30 years	10 937 000
31 to 40 years	1 871 000
Total Benefit Payments	38 328 000

The benefits payments are scheduled based on the expected retirement ages of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as retirements, mortality rates, and changes in employment within the municipality.

The Current-service Cost for the year ending 30 June 2024 is estimated to be R517 000, whereas the cost for the ensuing year is estimated to be R517 000 (30 June 2023: R515 000 and R517 000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	11,13%	11,26%
Cost Inflation Rate	6,28%	6,54%
Net Effective Discount Rate	4,57%	4,43%
Expected Retirement Age - Females	59	59
Expected Retirement Age - Males	62	62

General:

It is assumed that the Municipality's long service arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits would remain unchanged, with the exception of inflationary adjustments.

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2024

2023

Discount Rate:

Assumption: 11.13%

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

Consequently, a discount rate of 11.13% per annum has been used. The corresponding liability-weighted index-linked yield is 5.09%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2024. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process. The duration of the total liability was estimated to be 8.5 years.

General earnings inflation rate

Assumption: 6.28%

This rate reflects the municipality's expectations of annual salary increases due to inflation, seniority, and other relevant factors.

Promotional earnings scale

As per the Valuation report for LSA, an additional promotional earnings scale is taken into account in the escalation in addition to the above General earnings inflation rate based on the age band of qualifying employees.

Mortality Rate

Assumption: PA (85-90) mortality table

This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the sector, adjusted for female lives.

		2024 R	2023 R
Movements in the present value of the Defined Benefit Obligation were as follows:			
Opening Balance		6 465 000	6 355 000
Service Cost:			
Current Service Cost	Refer Note 34	517 000	515 000
Interest Expense	Refer Note 38	680 000	663 000
Payment of Benefits	Refer Note 34	(735 533)	(479 126)
Remeasurement of Defined Benefit:			
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer Note 45	(71 467)	(588 874)
Total Recognised Benefit Liability		6 855 000	6 465 000

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

Present value of fund obligations	6 855 000	6 465 000
Total Benefit Liability	6 855 000	6 465 000

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

Current service cost	517 000	515 000
Interest cost	680 000	663 000
Actuarial losses / (gains)	(71 467)	(588 874)
Total Post-retirement Benefit included in Employee Related Costs (Note 34.) and Gains and other operations (Note 46)	1 125 533	589 126

The history of experienced adjustments is as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Present Value of Defined Benefit Obligation	6 855 000	6 465 000	6 355 000	7 117 000	6 700 000
Deficit	6 855 000	6 465 000	6 355 000	7 117 000	6 700 000
Experienced adjustments on Plan Liabilities	(26 467)	(227 874)	(534 552)	(221 253)	431 643

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2024
R

2023
R

Assumed rates for long service awards trends significantly impact the figures recorded in surplus or deficit. The effect of a $\pm 1\%$ movement in the assumed rate of general earnings inflation rate is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	79 000	82 000
Effect on the defined benefit obligation	368 000	349 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(71 000)	(73 000)
Effect on the defined benefit obligation	(338 000)	(320 000)

Long service awards contribution inflation rate range:	$\pm 1\%$	$\pm 1\%$
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Assumed rates for long service awards trends significantly impact the figures recorded in surplus or deficit. The effect of a $\pm 1\%$ movement in the assumed rate of discount rate is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	(11 000)	(15 000)
Effect on the defined benefit obligation	(350 000)	(332 000)

Decrease:

Effect on the aggregate of the current service cost and the interest cost	12 000	17 000
Effect on the defined benefit obligation	387 000	368 000

Discount rate range:	$\pm 1\%$	$\pm 1\%$
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Assumed rates for long service awards significantly impact the figures recorded in surplus or deficit. The effect of a ± 2 years movement in the assumed average retirement age is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	700 000	704 000
Effect on the defined benefit obligation	1 152 000	1 084 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	354 000	359 000
Effect on the defined benefit obligation	(1 022 000)	(906 000)

Post-employment mortality range:	± 2 years	± 2 years
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The sensitivity analyses were prepared using the projected unit credit method, which is consistent with the method used to value the DBO in the financial statements. The analyses assume a parallel shift in the respective actuarial assumptions while holding all other assumptions constant. It is important to recognize that the use of this method does not imply that the impact of changes in actuarial assumptions is linear or follows any predictable

The municipality expects to make a contribution of R511 000 (2023: R511 000) to the Defined Benefit Plans during the next financial year. This estimated contribution takes into account current salary levels, the number of participating employees, and actuarial assumptions regarding demographic and financial factors. These contributions are designed to secure sufficient assets to meet the plan's future benefits obligations as they become due.

	2024 R	2023 R
19. PROVISIONS		
Current Provisions	4 580 478	3 741 261
Non-current Provisions	64 792 398	59 787 173
Total Provisions	69 372 876	63 528 434

The prior year amount for Provisions has been adjusted. Refer to Note 47.8 on "Correction of Error" for details of the restatement.

19.1 Current Provisions

Library Services: VAT Payable	4 580 478	3 741 261
Total Provisions	4 580 478	3 741 261

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
The movement in Current Provisions is reconciled as follows:		
Library Services: VAT Payable		
Opening Balance	3 741 261	2 924 739
Increases	839 217	816 522
Balance at end of year	4 580 478	3 741 261

Library Services - VAT Payable: The provision is for a VAT Liability based on a technical interpretation of the treatment of VAT on Library and based on the prudent application of GRAP 19 requirements. The library funding is received from the Western Cape Department of Cultural Affairs (DCAS). At the date of these financial statements, the municipality, together with most other municipalities in the Western Cape, has uncertainty on this matter and is in process of seeking further clarification. In terms of this uncertainty. The provision made is limited to the actual VAT payable on subsidies received by the municipality over the last 6 years (for 2024 provision) and 5 years (for 2023 provision). The provision excludes possible Interest and Penalties that may be owed to SARS.

Please refer to Note: 56 Contingent Liabilities and Note 47.3 Reclassification and/or Corrections of Statement of Financial Position for more details.

19.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	64 792 398	59 787 173
Total Non-current Provisions	64 792 398	59 787 173

The movement in Non-current Provisions are reconciled as follows:

Decommissioning of Landfill Sites:

Opening Balance	59 787 173	49 785 187
Increases (Passage of Time/Discounted Rate)	6 295 290	5 507 238
iGRAP 2 adjustments - change in estimate	(1 290 065)	4 494 749
	64 792 398	59 787 173

Decommissioning, Restoration and Similar Liabilities: Landfill Sites

Landfill site decommissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average investing rate based on Government Bond Yield Rates of 10.530%

19.3 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the Municipality will incur licensing and rehabilitation costs of R64 792 401 (2023:R59 787 175) to restore the sites after the end of its useful lives. Provision has been made for the net present value of the future cost, using the average bond yield

		2024	2023
		R	R
	End of Useful Life		
Barrydale Landfill	2023/24	8 907 870	8 306 843
Infanta Landfill	2037/38	2 817 470	2 665 688
Malagas Landfill	2023/24	12 210 652	11 417 639
Suurbraak Landfill	2023/24	3 476 950	3 056 497
Swellendam Landfill	2024/25	37 379 459	34 340 508
		64 792 401	59 787 175

The municipality have an estimate of five (5) to commence with the rehabilitation of the land-fill sites at the end of their useful life according to the licence agreement.

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

20. RESERVES	2024 R	2023 R
Capital Replacement Reserve	26 403 215	25 072 000
Total Reserves	<u>26 403 215</u>	<u>25 072 000</u>

20.1 Capital Replacement Reserve

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

Reconciliation of the Capital Replacement Reserve:

Opening Balance	25 072 000	12 000 000
Purchases	(8 668 786)	(4 308 740)
Transfers to/from Accumulated Surplus	10 000 001	17 380 740
Balance at end of year	<u>26 403 215</u>	<u>25 072 000</u>

21. ACCUMULATED SURPLUS	2024 R	2023 R
Accumulated Surplus / (Deficit) due to the results of Operations	521 945 276	463 808 187
Total Accumulated Surplus	<u>521 945 276</u>	<u>463 808 187</u>

The prior year amount for Accumulated Surplus has been adjusted. Refer to Note 47.1 on "Correction of Error" for details of the restatement.

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

			2024 R	2023 R
22. PROPERTY RATES				
	Actual Valuations		Actual Levies	
	June 2024	June 2023	June 2024	June 2023
Net Property Rates Levies:	11 799 888 600	8 575 830 154	56 640 567	50 115 614
Agricultural Properties	4 881 469 000	3 722 803 501	9 821 813	9 587 781
Industrial Properties	197 030 000	139 968 000	1 840 517	1 432 176
Business and Commercial Properties	698 475 000	573 808 201	6 464 692	5 701 234
Municipal Properties	183 665 100	152 906 551	-	-
Protected Areas	253 540 000	151 000 000	-	-
Public Benefit Organisations	65 769 000	36 163 000	75 410	79 669
Public Service Infrastructure Properties	7 687 600	5 735 300	-	-
Public Service Purposes Properties	223 410 000	196 180 000	2 033 031	2 232 363
Public Worship	88 482 000	75 430 000	-	-
Residential Properties	4 854 742 000	3 278 267 101	32 280 818	28 519 579
Vacant Land	345 618 900	243 568 500	4 124 286	2 562 812
Property Rates Levies			62 861 566	55 676 255
Rates Rebates			(6 220 999)	(5 560 641)
Total Property Rates			56 640 567	50 115 614

Assessment Rates are levied on the value of land and improvements, of which the valuation is performed every 5 years. The last valuation came into effect on 1 July 2023.

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.

An general rate is applied as follows to property valuations to determine property rates:

	c/R	c/R
Agricultural Properties	0.00198	0,00259
Business and Commercial Properties	0.00910	0,01040
Industrial Properties	0.00910	0,01040
Public Benefit Organisation	0.00198	0,00259
Public Service Purposes Infrastructure	0.00000	0,00000
Public Service Purposes Properties	0.00910	0,01040
Residential Properties	0.00791	0,01036
Vacant Properties	0.01187	0,01036

Rates are levied annually and monthly. Monthly rates are payable by the 28th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate 1% on outstanding amounts.

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 rebates. It also includes rebates granted on the first R15 000 impermissible exemption as per section 17 of the Municipal Property Rates Act.

23. FINES, PENALTIES AND FORFEITS		2024 R	2023 R
Traffic Fines:		48 738 080	42 111 095
Court Fines		11 604 870	14 610 335
Municipal		37 133 210	27 500 760
Other Fines:		102 753	290 543
Illegal Connections		99 510	275 369
Overdue Books Fine		3 243	4 588
Pound Fees		-	10 586
Forfeits		17 241	112 163
Unclaimed Money		17 241	112 163
Total Fines, Penalties and Forfeits		48 858 074	42 513 801

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
24. LICENCES AND PERMITS		
Exchange Transactions		
Road and Transport:	1 250 867	1 256 419
Drivers Licence Application/Duplicate Drivers Licences	358 860	450 068
Drivers Licence Certificate	383 740	393 120
Instructor Certificate	1 650	957
Learner Licence Application	77 588	63 199
Learners Certificate	25 014	19 503
Motor Vehicle Licence	351 695	329 572
Operators and Public Drivers Permits	52 320	-
Trading	22 709	43 472
Total Licences and Permits	1 273 576	1 299 891

	2024	2023
	R	R
25. TRANSFERS AND SUBSIDIES RECEIVED		
Transfers and Subsidies Received: Exchange Revenue	5 258 674	5 882 092
Transfers and Subsidies Received: Non-exchange Revenue	102 562 044	95 706 519
Total Transfers and Subsidies Received	107 820 718	101 588 611
Capital Grants	45 557 967	48 816 577
Allocations In-kind	4 689 055	933 090
Monetary Allocations	40 868 912	47 883 487
Operational Grants	62 262 751	52 772 034
Allocations In-kind	-	-
Monetary Allocations	62 262 751	52 772 034
Total Transfers and Subsidies Received	107 820 718	101 588 611

The prior year amount for Transfers and Subsidies Received has been adjusted. Refer to Note 47.6 on "Correction of Error" for details of the restatement.

25.1 Summary of Grants:

25.1.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2024	2023	2024	2023
District Municipalities	-	-	457 383	497 730
National Governments	-	-	22 573 693	16 769 336
Private Enterprises	1 233 440	933 090	-	-
Provincial Government	3 455 615	-	17 837 836	30 616 421
Total Capital Grants Received	4 689 055	933 090	40 868 912	47 883 487

25.1.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2024	2023	2024	2023
Departmental Agencies and Accounts	-	-	441 182	-
District Municipalities	-	-	100 752	71 659
National Governments	-	-	9 582 268	6 382 650
National Revenue Fund	-	-	43 486 840	39 675 000
Provincial Government	-	-	8 651 708	6 642 724
Total Operational Grants Received	-	-	62 262 751	52 772 034
Total Transfers and Subsidies Received	4 689 055	933 090	103 131 663	100 655 521

SWELLEDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
25.2 Reconciliation per Grant Source		
25.2.1 Equitable Share	R	R
Unspent Balance at the Beginning of the Year		-
Current Year Receipts	43 486 840	39 675 000
Conditions Met - Transferred to Revenue (Operating)	(43 487 000)	(39 675 000)
Unspent Balance at the End of the Year	(160)	-

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. This grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. All registered indigents receive a monthly subsidy in accordance with the approved indigent policy as determined annually by Council. No funds have been withheld.

The prior year's amounts have been restated due to recalculations done as per a prior year finding.

25.2.2 Local Government Financial Management Grant (FMG)

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 770 000	1 720 000
Conditions Met - Transferred to Revenue (Operating)	(1 731 272)	(1 720 000)
Unspent Balance at the End of the Year	38 728	-

The Local Government Financial Management Grant is paid by National Treasury to municipalities to implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.

25.2.3 Expanded Public Works Programme (EPWP)

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 541 000	1 497 000
Conditions Met - Transferred to Revenue (Operating)	(1 541 000)	(1 497 000)
Unspent Balance at the End of the Year	-	-

The Expanded Public Works Programme (EPWP) was used for job creation projects.

25.2.4 Municipal Infrastructure Grant (MIG)

Unspent Balance at the Beginning of the Year	844 303	570 498
Current Year Receipts	14 792 000	13 005 000
Conditions Met - Transferred to Revenue (Operating)	(2 924 042)	(650 250)
Conditions Met - Transferred to Revenue (Capital)	(12 357 300)	(11 510 448)
Adjustments / Refunds	(353 840)	(570 497)
Unspent Balance at the End of the Year	1 121	844 303

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

25.2.5 Integrated National Electrification Programme (Municipal) Grant

Unspent Balance at the Beginning of the Year	1 352	1 352
Current Year Receipts	-	-
Unspent Balance at the End of the Year	1 352	1 352

The Integrated National Electrification Programme (Municipal) Grant was used for electrical connections in previously disadvantaged areas.

25.2.6 Human Settlements Development Grant

Unspent Balance at the Beginning of the Year	113 332	7 321 897
Current Year Receipts	5 583 286	25 119 827
Conditions Met - Transferred to Revenue (Operating)	-	-
Conditions Met - Transferred to Revenue (Capital)	(4 846 473)	(27 619 827)
Adjustments / Refunds	(113 332)	(4 708 565)
Construction Contracts Current Year Receipts	65 801 256	2 299 981
Construction Contracts - Transfer to Revenue (Operating)	(49 364 552)	(2 299 981)
Construction Contracts transferred to Payable	(16 436 704)	-
Unspent Balance at the End of the Year	736 813	113 332

The Human Settlements Development Grant was utilised for the development of erven and the erection of top structures.

SWELLENDAM MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
25.2.7 Library Service Replacement Funding for most vulnerable B3 municipalities		
Unspent Balance at the Beginning of the Year	711 681	333 773
Current Year Receipts	6 434 000	6 260 000
Conditions Met - Transferred to Revenue (Operating)	(4 910 209)	(5 449 190)
Conditions Met - Transferred to Revenue (Capital)	(348 465)	(432 902)
Provision for VAT Liability	(839 217)	-
Adjustments / Refunds	(711 681)	-
Unspent Balance at the End of the Year	336 109	711 681

The Library Service Replacement Funding for most vulnerable B3 municipalities received from Provincial Government was used for the unfunded mandate of libraries.

25.2.8 Municipal Disaster Recovery Grant		
Unspent Balance at the Beginning of the Year	3 553 000	-
Current Year Receipts	-	3 553 000
Conditions Met - Transferred to Revenue (Capital)	(2 374 244)	-
Unspent Balance at the End of the Year	1 178 756	3 553 000

The Municipal Disaster Relief Grant was received from National Government , to fund expenses incurred due to flooding. No funds were withheld.

25.2.9 Local Government Public Employment Support Grant		
Unspent Balance at the Beginning of the Year	47 286	733 335
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue (Operating)	-	(686 049)
Adjustments / Refunds	(47 286)	-
Unspent Balance at the End of the Year	-	47 286

This grant was received from Local Government to coordinate and ensure the implementation of targeted, short term public employment programs. No funds have been withheld.

25.2.10 Other Grants		
Unspent Balance at the Beginning of the Year	990 347	491 390
Current Year Receipts	992 374	1 649 312
Conditions Met - Transferred to Revenue (Operating)	(473 327)	(708 029)
Conditions Met - Transferred to Revenue (Capital)	(525 990)	(439 852)
Adjustments / Refunds	(123 752)	(2 474)
Unspent Balance at the End of the Year	859 652	990 347

This grant was received from Provincial Treasury as well as SETA for various projects. No funds have been withheld.

25.2.11 Water Service Infrastructure Grant		
Unspent Balance at the Beginning of the Year	6 208 203	1 998 129
Current Year Receipts	5 304 000	12 437 000
Conditions Met - Transferred to Revenue (Capital)	(11 228 103)	(7 774 288)
Adjustments / Refunds	-	(452 638)
Unspent Balance at the End of the Year	284 100	6 208 203

This grant was received for the upgrading of Bakenskop & Railton Water network as well as the upgrading of Barrydale bulk water supply. No funds have been withheld.

25.2.12 Energy Efficiency and Demand Side Management Grant		
Unspent Balance at the Beginning of the Year	1 294	1 294
Current Year Receipts	-	-
Unspent Balance at the End of the Year	1 294	1 294

This grant was received for electrical projects within the Swellendam municipal area. No funds have been withheld.

25.2.13 Western Cape Financial Management Capability Grant		
Unspent Balance at the Beginning of the Year	90 000	-
Current Year Receipts	200 000	200 000
Conditions Met - Transferred to Revenue (Operating)	(150 000)	(110 000)
Unspent Balance at the End of the Year	140 000	90 000

This grant was received for the allocation of external bursaries. No funds have been withheld.

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
25.2.14 Provincial Contribution towards the Acceleration of Housing Delivery Grant		
Unspent Balance at the Beginning of the Year	5 226 317	-
Current Year Receipts	22 600 000	5 500 000
Conditions Met - Transferred to Revenue (Capital)	(11 824 835)	(273 683)
Conditions Met - Transferred to Revenue (Operating)	(581 936)	-
Construction Contracts Current Year Receipts	6 900 000	-
Construction Contracts - Transfer to Revenue (Operating)	(6 900 000)	-
Unspent Balance at the End of the Year	15 419 546	5 226 317

This grant was received for an ESCOM self-build option to increase NMD to 3MVA, electrification of a housing project as well as solar geysers. No funds have been withheld.

25.2.15 Provide Resources for the Development and/or Upgrade of SMME Infrastructure

Unspent Balance at the Beginning of the Year	371 338	1 917 848
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue (Capital)	-	(1 546 510)
Adjustments / Refunds	(371 338)	-
Unspent Balance at the End of the Year	-	371 338

This grant was received for the construction of the Barrydale (Smitsville) container park.

25.2.16 Municipal Drought Relief Grant

Balance unspent at the beginning of the year	-	15 722
Current year receipts	-	-
Adjustments / Refunds	-	(15 722)
Unspent Balance at the End of the Year	-	-

This grant was received to assist with drought within the municipal area. No funds have been withheld.

25.2.17 Emergency Municipal Loadshedding Relief Grant

Balance unspent at the beginning of the year	879 012	-
Current year receipts	-	1 360 000
Conditions Met - Transferred to Revenue (Capital)	(878 738)	(480 988)
Unspent Balance at the End of the Year	274	879 012

This grant was received to purchase generators. No funds have been withheld.

25.2.18 Informal Settlements Upgrading Partnership Grant

Balance unspent at the beginning of the year	795 354	-
Current year receipts	-	795 354
Unspent Balance at the End of the Year	795 354	795 354

Funding was made available for Railton Informal Settlement Planning. No funds have been withheld.

25.2.19 Municipal Library Support Grant

Balance unspent at the beginning of the year	16 869	150 000
Current year receipts	-	-
Conditions Met - Transferred to Revenue (Operating)	-	(108 431)
Conditions Met - Transferred to Revenue (Capital)	-	(24 700)
Adjustments / Refunds	(16 869)	-
Unspent Balance at the End of the Year	-	16 869

This grant was received for maintenance work on the Railton and Buffeljagsriver libraries.

25.2.20 Community Library Service Grant

Balance unspent at the beginning of the year	26 430	180 349
Current year receipts	-	-
Conditions Met - Transferred to Revenue (Capital)	-	(153 919)
Adjustments / Refunds	(26 430)	-
Unspent Balance at the End of the Year	-	26 430

This grant was received for capital projects at the new library. No funds have been withheld.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
25.2.21 Western Cape Financial Management Capacity Building Grant		
Balance unspent at the beginning of the year	-	310 000
Current year receipts	-	-
Conditions Met - Transferred to Revenue (Operating)	-	(250 000)
Adjustments / Refunds	-	(60 000)
Unspent Balance at the End of the Year	-	-

This grant was received from Local Government to assist to improve overall financial governance.

25.2.22 Western Cape Financial Management Support Grant		
Balance unspent at the beginning of the year	250 000	293 752
Current year receipts	-	-
Adjustments / Refunds	(250 000)	(43 752)
Unspent Balance at the End of the Year	-	250 000

The grant was received for the upgrade of the servers of the municipality. No funds have been upheld.

25.2.23 Western Cape Municipal Interventions Grant		
Balance unspent at the beginning of the year	268 562	-
Current year receipts	-	500 000
Conditions Met - Transferred to Revenue (Capital)	(170 000)	(231 438)
Adjustments / Refunds	(18 563)	-
Unspent Balance at the End of the Year	79 999	268 562

The grant was received for the purchase of skips. No funds have been withheld.

25.2.24 Municipal Service Delivery and Capacity Building Grant		
Balance unspent at the beginning of the year	-	-
Current year receipts	778 000	-
Conditions Met - Transferred to Revenue (Operating)	-	-
Conditions Met - Transferred to Revenue (Capital)	(778 000)	-
Unspent Balance at the End of the Year	-	-

The grant was received for a high mast project in Railton. No funds have been withheld.

25.2.25 Municipal Water Resilience		
Balance unspent at the beginning of the year	-	-
Current year receipts	2 938 000	-
Conditions Met - Transferred to Revenue (Operating)	(936 215)	-
Conditions Met - Transferred to Revenue (Capital)	(155 634)	-
Unspent Balance at the End of the Year	1 846 151	-

The grant was received for the Rietkuil water infrastructure upgrades. No funds have been withheld.

25.2.26 Regional Socio Economic Projects		
Balance unspent at the beginning of the year	-	-
Current year receipts	1 170 000	-
Conditions Met - Transferred to Revenue (Operating)	(175 595)	-
Conditions Met - Transferred to Revenue (Capital)	(733 445)	-
Unspent Balance at the End of the Year	260 960	-

The grant was received for the Railton clinic / hub community walkway and Railton links community walkway. No funds have been withheld.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
25.2.27 Total Grants		
Balance unspent at the beginning of the year	20 394 682	14 319 341
Current year receipts	107 589 500	113 271 493
Conditions Met - Transferred to Revenue (Operating)	(56 910 596)	(50 853 949)
Conditions Met - Transferred to Revenue (Capital)	(46 221 227)	(50 488 555)
Construction Contracts Current Year Receipts	72 701 256	2 299 981
Construction Contracts - Transfer to Revenue (Operating)	(56 264 552)	(2 299 981)
Construction Contracts transferred to Payable	(16 436 704)	-
Provision for VAT	(839 217)	-
Adjustments / Refunds	(2 033 091)	(5 853 648)
Additional Transfer: Equitable Share	160	-
Unspent Balance at the End of the Year	21 980 211	20 394 682

25.2.28 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2024), government grant funding is expected to not change significantly over the forthcoming three financial years.

	2024 R	2023 R
26. SURCHARGES AND TAXES		
Surcharges	960 923	954 688
Total Surcharges and Taxes	960 923	954 688

27. SERVICE CHARGES

	Exchange Transactions 2024 R	Exchange Transactions 2023 R	Non-Exchange Transactions 2024 R	Non-Exchange Transactions 2023 R
Sale of Electricity;	116 007 147	98 360 986	1 327 087	1 304 128
- Service Charges	117 805 553	100 197 187	1 327 087	1 304 128
- Revenue Foregone	(1 798 407)	(1 836 201)	-	-
Sale of Water:	24 718 344	22 509 485	1 013 939	990 742
- Service Charges	28 466 035	26 219 757	1 013 939	990 742
- Revenue Foregone	(3 747 690)	(3 710 272)	-	-
Refuse Removal:	14 731 601	12 749 211	-	-
- Service Charges	19 939 307	17 272 165	-	-
- Revenue Foregone	(5 207 706)	(4 522 953)	-	-
Sewerage and Sanitation Charges:	22 065 978	19 386 468	1 049 654	1 018 715
- Service Charges	29 269 324	26 082 096	1 049 654	1 018 715
- Revenue Foregone	(7 203 345)	(6 695 628)	-	-
Total Service Charges	177 523 070	153 006 150	3 390 680	3 313 585
- Service Charges	195 480 218	169 771 205	3 390 680	3 313 585
- Revenue Foregone	(17 957 148)	(16 765 055)	-	-

The prior year amount for Service Charges has been adjusted. Refer to Note 47.6 on "Correction of Error" for details of the restatement.

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

28. SALES OF GOODS AND RENDERING OF SERVICES	2024 R	2023 R
Advertisements	34 398	27 955
Building Plan Approval	984 211	840 021
Camping Fees	1 047 703	819 599
Cemetery and Burial	71 028	70 144
Cleaning and Removal	53 660	51 253
Encroachment Fees	5 281	271
Exempted Parking	450	510
Legal Fees	221 924	287 355
Photocopies and Faxes	5 339	7 082
Removal of Restrictions	500 283	426 891
Sale of Goods	176 654	162 753
Valuation Services	194 790	206 271
Total Sales of Goods and Rendering of Services	3 295 720	2 900 106

29. CONSTRUCTION CONTRACT REVENUE	2024 R	2023 R
Construction Contract Revenue	56 264 552	2 299 981
Total Income from Construction Contracts	56 264 552	2 299 981

The prior year amount for Construction Contract Revenue has been adjusted. Refer to Note 47.6 on "Correction of Error" for details of the restatement.

Construction contract revenue is dependant to the infrasrtucture installation and needs to be reviewed with reference to each housing project's grant revenue as disclosed in Note 25.

Contract revenue is fixed based on the arrangement with the Provincial Department of Housing. Revenue is determined in terms of the stage of completion which is determined by the progress payments claimed by the sub-contractors received at year end. Contracts with the Provincial Department and its beneficiaries are not subject to any retention.

30. INCOME FROM AGENCY SERVICES	2024 R	2023 R
Department of Environmental Affairs	-	19 597
Commission on Vehicle Registration	2 735 803	2 708 800
Total Income from Agency Services	2 735 803	2 728 397

Refer to Note 59.2 for more detail on Agency Services rendered.

31. RENTAL FROM FIXED ASSETS	2024 R	2023 R
Straight-lined Operating Lease Revenue		
Investment Property	328 824	792 472
Other Rental income		
Ad-hoc Rental Income from Other Fixed Assets:	422 209	200 263
Property Plant and Equipment	422 209	200 263
Total Rental of Facilities and Equipment	751 033	992 735

The prior year amount for Rental of Facilities and Equipment has been adjusted. Refer to Note 47.6 on "Correction of Error" for details of the restatement.

Rental income generated are at market related premuins. All rental income recognised is therefore market related.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
32. INTEREST, DIVIDENDS AND RENT ON LAND EARNED		
Non-exchange Receivables:		
Outstanding Billing Debtors	403 829	325 152
Total Non-exchange Interest, Dividends and Rent on Land Earned	403 829	325 152
External Investments:		
Investments	12 581 344	7 681 386
	12 581 344	7 681 386
Dividends Received:		
External Investment	1 830	1 647
	1 830	1 647
Outstanding Exchange Receivables:		
Outstanding Billing Debtors	1 761 378	1 854 960
Property Rental Debtors	11 788	32 983
Electricity	194 987	409 153
Service Charges	142 656	77 876
Waste Management	372 021	335 679
Waste Water Management	522 564	481 214
Water	517 362	518 055
	1 761 378	1 854 960
Total Exchange Interest, Dividends and Rent on Land Earned	14 344 553	9 537 994
Total Interest, Dividends and Rent on Land Earned	14 748 382	9 863 146
33. OPERATIONAL REVENUE	2024 R	2023 R
Administrative Handling Fees	26 997	9 504
Breakages and Losses Recovered	776	1 016
Commission	62 690	60 940
Development Charges	878 146	3 524 800
Incidental Cash Surpluses	180 327	2 149
Insurance Refund	15 362 346	89 254
Merchandising, Jobbing and Contracts	58 749	69 325
Recovery Infrastructure Maintenance	41 471	62 752
Sale of Property	1 964 437	3 252 052
Staff Recoveries	49 062	261 735
Total Operational Revenue	18 625 001	7 333 527

The prior year amount for Operational Revenue has been adjusted. Refer to Note 47.6 on "Correction of Error" for details of the restatement.

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

34. EMPLOYEE RELATED COSTS	2024 R	2023 R
Salaries, Wages and Service Related Benefits:	75 686 071	69 006 075
Basic	70 038 239	64 433 121
Bonusses	124 834	525 458
Leave Payments	1 131 554	715 587
Overtime	4 391 444	3 331 909
Allowances:	15 630 841	14 237 462
Acting and Post Related Allowances	217 937	299 407
Bonus Allowance	5 336 934	4 727 134
Cellular and Telephone	354 150	338 080
Housing Benefits	476 283	427 431
Standby Allowance	2 955 629	2 609 489
Travel or Motor Vehicle	6 289 909	5 835 920
Social Contributions:	21 865 425	19 598 383
Bargaining Council	35 961	32 282
Group Life Insurance	2 006 793	1 868 869
Medical	7 413 607	6 425 464
Pension	11 887 458	10 787 372
Unemployment Insurance	521 607	484 397
Post-retirement Benefits:	5 682 000	5 642 000
Current Service Cost	1 401 000	1 518 000
Interest Cost	3 764 000	3 609 000
Long Term Service Awards	517 000	515 000
Total Employee Related Costs	118 864 337	108 483 920
34.1 Remuneration of Key Management Personnel:		
Remuneration of the Municipal Manager - Mr A.M.Groenewald (1 July 2021 to 30 June 2022)		
Performance Bonus	-	180 050
Total	-	180 050
Remuneration of the Municipal Manager - Mr A Vorster (1 July 2023 - 30 June 2024)		
Annual Remuneration	1 122 830	930 335
Remote Allowance	54 735	-
Performance Bonus	49 675	-
Cash Gratuity	20 340	-
Cell Phone Allowance	18 000	10 800
Company Contributions to UIF, Medical and Pension Funds	247 674	176 495
Total	1 513 254	1 117 630
34.2 Remuneration of Other Related Parties:		
Remuneration of Director: Engineering Services - Mr F.P. Erasmus (1 July 2022 - 30 September 2022)		
Annual Remuneration	-	205 542
Rural Allowance	-	21 440
Performance Bonus	-	147 830
Travelling Allowance	-	30 000
Cell Phone Allowance	-	3 000
Company Contributions to UIF, Medical and Pension Funds	-	38 076
Total	-	445 888
Remuneration of Director: Engineering Services - Mr B.C. Neale (01 July 2023- 31 August 2023)		
Annual Remuneration	137 194	529 725
Remote Allowance	6 846	25 857
Cash Gratuity	3 390	6 927
Cell Phone Allowance	2 000	8 000
Other Payments (Travelling reimbursement)	1 642	-
Company Contributions to UIF, Medical and Pension Funds	32 673	124 405
Total	183 745	694 914

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
Remuneration of Director: Community Services - Mr K.D. Stuurman (1 July 2023 - 30 June 2024)		
Annual Remuneration	907 545	896 101
Remote Allowance	122 408	118 498
Performance Bonus	59 249	126 551
Travelling Allowance	100 104	100 104
Cell Phone Allowance	12 000	12 000
Cash gratuity	20 340	-
Company Contributions to UIF, Medical and Pension Funds	218 559	211 239
Total	1 440 206	1 464 494
Remuneration of Director: Financial Services -Ms E Wassermann (1 July 2023 - 30 June 2024)		
Annual Remuneration	945 537	936 704
Remote Allowance	44 940	43 504
Performance Bonus	97 885	147 830
Cell Phone Allowance	12 000	12 000
Cash gratuity	20 340	-
Company Contributions to UIF, Medical and Pension Funds	180 090	173 371
Total	1 300 791	1 313 410
Remuneration of Director: Corporate Services - Mr D. du Plessis (1 July 2021 - 31 October 2021)		
Performance Bonus	-	65 799
Total	-	65 799
Remuneration of Director: Corporate Services - Mr A. Vorster (01 July 2022 to 30 September 2022)		
Performance Bonus	-	98 554
Cell Phone Allowance	-	3 000
Company Contributions to UIF, Medical and Pension Funds	-	48 643
Total	-	150 197

35. REMUNERATION OF COUNCILLORS

	2024 R	2023 R
Executive Mayor	963 579	977 057
Deputy Executive Mayor	-	357 963
Speaker	779 504	692 557
Executive Committee Members	1 474 580	1 207 708
Total for All Other Councillors	2 450 415	2 372 004
Total Payments for Employee Related Costs	5 668 078	5 607 289
Executive Mayor	963 579	977 057
Allowances and Service Related Benefits	908 104	917 184
Social Contributions	55 475	59 873
Deputy Executive Mayor	-	357 963
Allowances and Service Related Benefits	-	311 701
Social Contributions	-	46 262
Speaker	779 504	692 557
Allowances and Service Related Benefits	779 504	642 695
Social Contributions	-	49 862
Mayoral committee members	1 474 580	1 207 708
Allowances and Service Related Benefits	1 428 682	1 133 007
Social Contributions	45 897	74 702
Total for All Other Councillors	2 450 415	2 372 004
Allowances and Service Related Benefits	2 363 724	2 278 851
Social Contributions	86 691	93 153
Total Councillors' Remuneration	5 668 078	5 607 289

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Remuneration Disclosure - Related Parties:				2024 R	2023 R
Designation	Incumbent 2024	Period 2024	Period 2023		
Executive Mayor	HF Du Randt	(01 July 23 - 30 June 2024)	(01 July 22 - 30 June 23)	963 579	977 057
Deputy Mayor	AM Pokwas	-	(01 July 22 - 15 Dec 22)	-	357 963
Speaker	JR Van Schalkwyk	(01 July 23 - 30 June 2024)	(24 Jan 23 - 30 June 23)	779 504	692 557
Councillor	EJ. Lamprecht	(01 July 23 - 30 June 2024)	(24 Jan 23 - 30 June 23)	737 290	740 890
Councillor	G. Mangcu-Qotywe	-	(01 July 22 - 15 Dec 22)	-	336 934
Councillor	G. Lebazi	(01 July 23 - 30 June 2024)	(01 July 22 - 30 June 23)	338 270	366 538
Councillor	J.A. Matthysen	(01 July 23 - 30 June 2024)	(01 July 22 - 30 June 23)	372 655	368 538
Councillor	F. Kees	(01 July 23 - 30 June 2024)	(01 July 22 - 30 June 23)	737 290	435 829
Councillor	DJ. Julius	(01 July 23 - 30 June 2024)	(01 July 22 - 30 June 23)	338 270	340 590
Councillor	JR Van Schalkwyk	-	(01 July 22 - 23 Jan 23)	-	218 169
Councillor	M.T. Swart	(01 July 23 - 30 June 2024)	(01 July 22 - 30 June 23)	338 270	340 794
Councillor	D. Julius	(01 July 23 - 30 June 2024)	(17 Jan 23 - 30 June 23)	338 270	154 432
Councillor	H.I. Ferguson	(01 July 23 - 30 June 2024)	(23 March 23 - 30 June 23)	338 270	91 614
Councillor	A. Bokwana	(01 July 23 - 30 June 2024)	(01 Jan 23 - 30 June 23)	386 410	169 791
Councillor	M.G. Du Plessis	-	-	-	7 791
Councillor	S.L. Setiera	-	-	-	7 801
				5 668 078	5 607 289

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the municipality.

36. DEPRECIATION AND AMORTISATION	2024 R	2023 R
Depreciation: Property, Plant and Equipment	18 766 693	14 404 489
Depreciation: Investment Property	52 212	52 088
Amortisation: Intangible Assets	127 755	167 698
Total Depreciation and Amortisation	18 946 659	14 624 275

The prior year amount for Depreciation and Amortisation has been adjusted. Refer to Note 47.7 on "Correction of Error" for details of the restatement.

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
37. IMPAIRMENT LOSSES		
Impairment Losses on Fixed Assets	8 658 520	1 536 867
Impairment Losses on Financial Assets	34 218 744	35 421 609
Total Impairment Losses	42 877 264	36 958 476
37.1 Impairment Losses on Fixed Assets		
Impairment Losses	9 298 195	1 536 867
Property, Plant and Equipment	9 298 195	1 536 867
Reversal of Impairment Losses	(639 675)	-
Property, Plant and Equipment	(639 675)	-
	8 658 520	1 536 867
37.2 Impairment Losses on Financial Assets		
Impairment Losses	13 819 783	13 720 023
Receivables from Exchange Revenue	3 825 515	206 288
Statutory Receivables from Exchange Revenue	743 563	102 775
Receivables from Non-exchange Revenue	388 008	376 104
Statutory Receivables from Non-exchange Revenue	8 862 697	13 034 856
Bad Debts Written Off	20 398 961	26 792 798
Reversal of Impairment Losses	-	(5 091 212)
Receivables from Exchange Revenue	-	(4 327 530)
Statutory Receivables from Exchange Revenue	-	(763 682)
Receivables from Non-exchange Revenue	-	-
Statutory Receivables from Non-exchange Revenue	-	-
	34 218 744	35 421 609
38. INTEREST, DIVIDENDS AND RENT ON LAND PAID		
	2024	2023
	R	R
Interest Paid:	10 071 519	8 846 957
Borrowings	3 009 028	2 619 279
Finance Leases	87 201	57 441
Interest costs non-current Provisions	6 295 290	5 507 238
Long Service Awards	680 000	663 000
	Refer Note 18.1.1.2	
Rent on Land	-	265 687
Total Interest, Dividends and Rent on Land Paid	10 071 519	9 112 644
39. BULK PURCHASES		
	2024	2023
	R	R
Electricity	98 123 267	79 694 101
Total Bulk Purchases	98 123 267	79 694 101

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

40. CONTRACTED SERVICES	2024 R	2023 R
Outsourced Services	11 590 823	10 455 381
Consultants and Professional Services	4 867 398	2 708 192
Contractors	73 564 211	16 194 178
Total Contracted Services	90 022 432	29 357 750
40.1 Outsourced Services		
Alien Vegetation Control	440 000	526 400
Burial Services	4 400	6 348
Business and Advisory	1 474 788	1 401 157
Catering Services	38 859	41 212
Clearing and Grass Cutting Services	100 459	370 792
Connection/Disconnection	-	22 503
Drivers Licence Cards	217 092	229 337
Fire Services	1 024 108	770 157
Illegal Dumping	328 440	490 444
Meter Management	266 884	742 805
Mini Dumping Sites	720 509	737 723
Personnel and Labour	-	314 700
Printing Services	1 454	6 626
Removal of Structures and Illegal Signs	17 383	-
Security Services	2 249 129	1 883 320
Traffic Fines Management	4 496 728	2 634 195
Translators, Scribes and Editors	7 109	5 169
Water Takers	203 482	272 493
	11 590 823	10 455 381
40.2 Consultants and Professional Services		
Business and Advisory	3 380 346	1 560 575
Infrastructure and Planning	207 583	88 509
Laboratory Services	371 850	378 843
Legal Cost	907 619	680 265
	4 867 398	2 708 192
40.3 Contractors		
Aerial Photography	60 299	81 940
Auctioneers	-	106 006
Construction Contracts (Housing)	56 264 552	2 311 381
Catering Services	21 537	12 757
Electrical	347 259	387 516
Maintenance of Buildings and Facilities	1 331 734	739 314
Maintenance of Equipment	328 639	209 400
Maintenance of Unspecified Assets	13 019 637	10 462 160
Pest Control and Fumigation	1 579	89 140
Plants, Flowers and Other Decorations	-	317
Tracing Agents and Debt Collectors	2 188 974	1 794 246
	73 564 211	16 194 178

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
41. INVENTORY CONSUMED		
Consumables	1 614 790	1 707 284
Land	22 000	793 453
Materials and Supplies	6 511 440	6 138 057
Water	8 704 502	7 745 988
Total Inventory Consumed	16 852 732	16 384 782

The prior year amount for Inventory Consumed has been adjusted. Refer to Note 47.7 on "Correction of Error" for details of the restatement.

	2024 R	2023 R
42. TRANSFERS AND SUBSIDIES PAID		
Operational Grants	1 102 117	530 350
Monetary Allocations	1 102 117	530 350
Total Transfers and Subsidies Paid	1 102 117	530 350

42.1 Operational Grants

	2024	2023
Households	79 900	90 000
Non-profit Institutions	1 022 217	440 350
Total Operational Grants Paid	1 102 117	530 350

	2024 R	2023 R
43. OPERATING LEASES		
Furniture and Office Equipment	18 771	28 533
Land	281 880	-
Machinery and Equipment	1 608	-
Other Assets	440 450	307 053
Total Operating Leases	742 709	335 586

43.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Land and Buildings with lease terms not longer than 5 years.

SWELLENHAM MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

44. OPERATIONAL COSTS	2024 R	2023 R
Included in General Expenses are the following:		
Advertising, Publicity and Marketing	231 836	394 557
Assets less than the Capitalisation Threshold	21 464	-
Bank Charges, Facility and Card Fees	841 209	1 188 854
Bursaries (Employees)	150 000	360 000
Cleaning Services	114 682	118 412
Commission	1 079 476	1 012 625
Communication	1 689 370	1 799 092
Contribution to Provisions	(584 231)	825 586
Entertainment	81 422	33 098
Eskom Connection Fees	506 030	-
External Audit Fees	7 020 216	4 393 408
External Computer Service	3 213 962	3 433 071
Full Time Union Representative	83 652	94 782
Hire Charges	804 978	549 976
Indigent Relief	50 150	15 887
Insurance Underwriting	2 451 134	1 117 018
Learnerships and Internships	64 789	-
Licences	349 606	357 603
Management Fee	69 436	281 084
Municipal Services	54 400	27 500
Printing, Publications and Books	169 408	155 492
Professional Bodies, Membership and Subscription	5 993	12 341
Registration Fees	1 972 117	1 964 257
Remuneration to Ward Committees	52 097	45 007
Resettlement Cost	34 350	34 783
Roadworthy Test	6 391	4 773
Servitudes and Land Surveys	-	695
Signage	1 948	8 027
Skills Development Fund Levy	1 140 985	1 041 684
System Access and Information Fees	39 892	34 389
Travel and Subsistence	293 616	242 821
Uniform and Protective Clothing	905 403	667 615
Vehicle Tracking	106 557	155 978
Wet Fuel	4 461 520	4 631 830
Workmen's Compensation Fund	681 347	558 671
Total Operational Costs	28 165 202	25 560 914

44.1 Travel and Subsistence

Domestic

	2024 R	2023 R
Accommodation	43 503	49 818
Daily Allowance	56 313	23 765
Incidental Cost	3 737	2 049
Transport without Operator	169 561	163 370
Transport with Operator	20 502	3 819
	293 616	242 821

44.2 Material Losses

	2024 R	2023 R
Distribution Losses:		
Electricity Losses	8 912 541	7 131 346
Water Losses	2 533 572	2 205 222

The amounts disclosed above for Electricity and Water Losses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 52.1.9).

No other extraordinary expenses were incurred.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
45. GAINS AND LOSSES ON OTHER OPERATIONS		
Gains on Other Operations		
Increase in Net Realisable Value of Inventory	383	-
Fair Value Gains on Actuarial Assessments	Refer Note 18.1.1.2 412 029	5 080 416
Total Gains on Other Operations	412 412	5 080 416
Losses on Other Operations		
Decrease in Net Realisable Value of Inventory	262	-
Total Losses on Other Operations	262	-
Net Gains and Losses on Other Operations	412 150	5 080 416
No other gains or losses have been recognised in respect of Loans and Receivables or Held-to-Maturity Investments, other than as disclosed in Note 14 and Impairment Losses recognised/reversed in respect of Trade Receivables (see Notes 2, 3, 4 and 5).		
46. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS	2024 R	2023 R
Gains on Disposal of Capital Assets		
Investment Property	57 168	-
Property, Plant and Equipment	223 913	333 897
Total Gains on Disposal of Capital Assets	281 081	333 897
Losses on Disposal of Capital Assets		
Intangible Assets	97 078	-
Investment Property	1 433 350	617 234
Property, Plant and Equipment	1 146 281	434 294
Total Losses on Disposal of Capital Assets	2 676 709	1 051 528
Net Gains / (Losses) on Disposal of Capital Assets	(2 395 628)	(717 631)

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47. RECLASSIFICATION, CORRECTION OF ERROR AND RESTATEMENTS OF ANNUAL FINANCIAL STATEMENTS

47.1 Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	R	R Accumulated Surplus
Balance published as at 30 June 2022		422 082 194
Correction of Error:-		
Adjustment for Water Inventory	(26 086)	
Adjustment for Exchange Receivables for Unbilled Services	211 606	
Adjustment for Capital Assets as per Revised Asset Register	846 643	
Adjustment for Operating Lease Receivables	3 859	
Adjustment for Consumer Deposits	(18 854)	
Adjustment for Output VAT on Library Grants	(2 924 739)	
Adjustment for Audit Findings as per COMAFs issued	82 635	
Adjustment for Rounding Errors	-	(1 824 937)
Restated Balance as at 30 June 2022		420 257 257
Transactions incurred for the Year 2022/23		39 287 540
Correction of Error:-		
Adjustment for Water Inventory	18 538	
Adjustment for Exchange Receivables for Unbilled Services	887 858	
Adjustment for Capital Assets as per Revised Asset Register	(3 896)	
Adjustment for Operating Lease Receivables	76 358	
Adjustment for Output VAT on Library Grants	(816 522)	
Adjustment for Audit Findings as per COMAFs issued	4 101 052	
Adjustment for Rounding Errors	-	4 263 389
Restated Balances as at 30 June 2023		463 808 187

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47.2 Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Restatements is as follows:

	Prior Year 2022/23 Audited	Change in Accounting Policy	Restatements	Restated Amount 2022/23
	R	R	R	R
Property Rates	50 115 614	-	-	50 115 614
Fines, Penalties and Forfeits	42 513 801	-	-	42 513 801
Transfers and Subsidies - Non-exchange	103 772 024	-	(8 065 505)	95 706 519
Surcharges and Taxes	954 688	-	-	954 688
Service Charges - Non-exchange	3 313 585	-	-	3 313 585
Interest, Dividends & Rent on - Land Non-Exchange	325 152	-	-	325 152
Licences and Permits - Exchange	1 299 891	-	-	1 299 891
Transfers and Subsidies - Exchange	-	-	5 882 092	5 882 092
Service Charges - Exchange	152 118 292	-	887 858	153 006 150
Sales of Goods and Rendering of Services	2 900 106	-	-	2 900 106
Construction Contract Revenue	-	-	2 299 981	2 299 981
Income from Agency Services	2 728 397	-	-	2 728 397
Rental from Fixed Assets	916 377	-	76 358	992 735
Interest, Dividends & Rent on Land - Exchange	9 537 994	-	-	9 537 994
Operational Revenue	4 165 565	-	3 167 962	7 333 527
Gains on Disposal of PPE	333 897	-	-	333 897
Gains on Other Operations	5 080 416	-	-	5 080 416
	380 075 798	-	4 248 746	384 324 544

47.3 Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Restatements is as follows:

	Prior Year 2022/2023 Audited	Change in Accounting Policy	Restatements	Restated Amount 2022/2023
	R	R	R	R
Employee Related Costs	108 483 920	-	-	108 483 920
Remuneration of Councillors	5 607 289	-	-	5 607 289
Depreciation and Amortisation	14 620 379	-	3 896	14 624 275
Impairment Losses	36 958 476	-	-	36 958 476
Interest, Dividends and Rent on Land	9 112 644	-	-	9 112 644
Bulk Purchases	79 694 101	-	-	79 694 101
Contracted Services	29 357 750	-	-	29 357 750
Inventory Consumed	16 403 320	-	(18 538)	16 384 782
Transfers and Subsidies Paid	530 350	-	-	530 350
Operating Leases	335 586	-	-	335 586
Operational Costs	25 560 914	-	-	25 560 914
Loss on Disposal of PPE	1 051 528	-	-	1 051 528
	327 716 258	-	(14 643)	327 701 615

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47.4 Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Restatements is as follows:

	Prior Year 2022/23 Audited R	Change in Accounting Policy R	Restatements R	Restated Amount 2022/23 R
Current Assets				
Inventories	5 457 231	-	(7 548)	5 449 683
Receivables from Exchange Transactions	15 824 219	-	4 456 503	20 280 722
Statutory Receivables from VAT Transactions	5 452 232	-	(347 023)	5 105 210
Receivables from Non-exchange Transactions	439 587	-	-	439 587
Statutory Receivables from Non-exchange Transactions	14 964 887	-	(86 325)	14 878 562
Cash and Cash Equivalents	121 773 220	-	-	121 773 220
Lease Receivables	10 353	-	318 632	328 985
Non-Current Assets				
Property, Plant and Equipment	509 491 965	-	2 611 792	512 103 757
Intangible Assets	566 906	-	-	566 906
Investment Property	10 933 028	-	101 157	11 034 185
Heritage Assets	170 979	-	-	170 979
Lease Receivable	238 415	-	(238 415)	-
Long-term Receivables	835 159	-	(610 205)	224 953
Current Liabilities				
Consumer Deposits	(4 282 993)	-	(18 854)	(4 301 848)
Payables from Exchange Transactions	(37 006 693)	-	-	(37 006 693)
Unspent Conditional Grants and Receipts	(20 394 684)	-	-	(20 394 684)
Lease Payables	(377 953)	-	-	(377 953)
Borrowings	(4 230 703)	-	-	(4 230 703)
Employee Benefit Liabilities	(13 976 924)	-	-	(13 976 924)
Provisions	-	-	(3 741 261)	(3 741 261)
Non-Current Liabilities				
Lease Payables	(616 524)	-	-	(616 524)
Borrowings	(23 987 800)	-	-	(23 987 800)
Employee Benefit Liabilities	(35 055 000)	-	-	(35 055 000)
Provisions	(59 787 173)	-	-	(59 787 173)
Net Assets				
Reserves	(25 072 000)	-	-	(25 072 000)
Accumulated Surplus / (Deficit)	(461 369 734)	-	(2 438 452)	(463 808 187)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47.5 Cash Flow Statement

The prior year figures of the Cash Flow Statement have been restated to correctly classify the nature of cash receipts and expenditures of the municipality.

The effect of the Restatements is as follows:

	Prior Year 2022/2023 Audited R	Change in Accounting Policy R	Restatements R	Restated Amount 2022/2023 R
Receipts				
Property Rates	49 265 971	-	145 915	49 411 886
Fines, Penalties and Forfeits	8 556 649	-	112 386	8 669 035
Transfers and Subsidies	109 847 363	-	(3 116 503)	106 730 860
Service Charges	160 579 576	-	2 412 114	162 991 690
External Interest and Dividends Received	7 182 748	-	-	7 182 748
Other Receipts	12 971 459	-	2 227 987	15 199 446
VAT Received	-	-	34 212	34 212
Payments				
Employee Related Costs	(104 137 587)	-	-	(104 137 587)
Remuneration of Councillors	(5 607 289)	-	-	(5 607 289)
External Interest and Dividends Paid	(2 543 870)	-	-	(2 543 870)
Suppliers Paid	(173 455 329)	-	2 640 917	(170 814 412)
VAT Paid	(300 415)	-	300 415	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	62 359 275	-	4 757 444	67 116 719
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(59 894 634)	-	(2 807 313)	(62 701 947)
Purchase of Intangible Assets	(72 617)	-	-	(72 617)
Proceeds on Disposal of Property, Plant and Equipment	571 864	-	-	571 864
Decrease / (Increase) in Long-term Receivables	(407 055)	-	(1 950 130)	(2 357 185)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(59 802 441)	-	(4 757 444)	(64 559 885)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in Finance Leases (Leases Taken-on)	-	-	-	-
Decrease in Finance Leases (Leases Redeemed)	(169 543)	-	-	(169 543)
Increase in Borrowings (Loans Taken-on)	9 700 000	-	-	9 700 000
Decrease in Borrowings (Loans Redeemed)	(3 638 433)	-	-	(3 638 433)
NET CASH FLOWS FROM FINANCING ACTIVITIES	5 892 024	-	-	5 892 023
NET INCREASE / (DECREASE) IN CASH AND CASH EQ	8 448 858	-	-	8 448 858
Cash and Cash Equivalents at Beginning of Period	113 324 362	-	-	113 324 362
Cash and Cash Equivalents at End of Period	121 773 220	-	-	121 773 220

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

47.6 Reclassification and/or Corrections of Revenue

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Transfers and Subsidies - Non- exchange	Surcharges and Taxes	Service Charges - Non-exchange	Interest, Dividends & Rent on - Land Non- Exchange
	R	R	R	R
Balance previously reported	103 772 024	954 688	3 313 585	325 152
Correction of Errors:-				
Reclassification of Library Grant	(5 882 092)	-	-	-
Adjust Library Grant for Output VAT	(816 522)	-	-	-
Adjust Transfers for Construction Revenue	(2 299 981)	-	-	-
Adjust Transfers as per COMAF 54/2023	933 090	-	-	-
Restated Balance now reported	95 706 519	954 688	3 313 585	325 152

Transfers and Subsidies from Non-exchange Transactions:

The **prior year amounts** for Transfers & Subsidies from Non-exchange Transactions have been restated to correctly disclose the revenue for Library Grants received, restated to Exchange Services in terms of an Audit Finding.

Furthermore, the **prior year amounts** for Transfers & Subsidies from Non-exchange Transactions have been restated to correctly disclose the revenue for Library Grants received, restated to provide for Output VAT not previously recognised.

Furthermore, the **prior year amounts** for Transfers & Subsidies from Non-exchange Transactions have been restated to correctly disclose the revenue for Human Settlements Development Grant received, restated for Construction Revenue not previously recognised.

Furthermore, the **prior year amounts** for Transfers & Subsidies from Non-exchange Transactions have been restated to correctly disclose the revenue for Transfers in terms of COMAF 54 of 2023, previously not recognised.

	Licences and Permits - Exchange	Transfers and Subsidies - Exchange	Service Charges - Exchange	Sales of Goods and Rendering of Services
	R	R	R	R
Balance previously reported	1 299 891	-	152 118 292	2 900 106
Correction of Errors:-				
Reclassification of Library Grant	-	5 882 092	-	-
Adjust Accruals for Unbilled Service Charges	-	-	887 858	-
Restated Balance now reported	1 299 891	5 882 092	153 006 150	2 900 106

Transfers and Subsidies from Exchange Transactions:

The **prior year amounts** for Transfers & Subsidies from Exchange Transactions have been restated to correctly disclose the revenue for Library Grants received, restated from Non-exchange Services in terms of an Audit Finding.

Service Charges from Exchange Transactions:

The **prior year amounts** for Service Charges and Exchange Receivables have been restated to correctly disclose the revenue for Electricity Services, unbilled services at year-end previously incorrectly calculated.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Construction Contract Revenue	Income from Agency Services	Rental from Fixed Assets	Interest, Dividends & Rent on Land - Exchange
	R	R	R	R
Balance previously reported	-	2 728 397	916 377	9 537 994
Correction of Errors:-				
Adjust Transfers for Construction Revenue	2 299 981	-	-	-
Adjust Rental from Leased Assets	-	-	76 358	-
Restated Balance now reported	2 299 981	2 728 397	992 735	9 537 994

Sales of Goods and Rendering of Services:

The **prior year amounts** for Sales of Goods and Rendering of Services have been restated to correctly disclose the revenue for Construction Revenue received, previously recognised incorrectly in Transfers and Subsidies Received.

Rental from Fixed Assets:

The **prior year amounts** for Rental from Fixed Assets and Operating Lease Receivables have been restated to correctly disclose the revenue for Rentals of Leased Buildings, the straight lining thereof previously not correctly calculated.

	Operational Revenue	Intercompany/Par ent-subsidary Transactions	Gains on Disposal of PPE	Gains on Other Operations
	R	R	R	R
Balance previously reported	4 165 565	-	333 897	5 080 416
Correction of Errors:-				
Adjust Operating Revenue as per COMAF 34/2023	(82 635)	-	-	-
Adjust Operating Revenue as per COMAF 54/2023	3 250 597	-	-	-
Restated Balance now reported	7 333 527	-	333 897	5 080 416

Operational Revenue:

The **prior year amounts** for Operational Revenue have been restated to correctly disclose the revenue, previously incorrectly recognised in the wrong financial period as per COMAF 34 of 2023.

Furthermore, the **prior year amounts** for Operational Revenue have been restated to correctly disclose the revenue for Development Charges in terms of COMAF 54 of 2023, previously not recognised.

47.7 Reclassification and/or Corrections of Expenditure

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Related Costs	Remuneration of Councillors	Depreciation and Amortisation
	R	R	R
Balance previously reported	108 483 920	5 607 289	14 620 379
Correction of Errors:-			
Adjust Depreciation as per Updated Asset Register	-	-	3 896
Restated Balance now reported	108 483 920	5 607 289	14 624 275

Depreciation and Amortisation:

The **prior year amounts** for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation for assets as per Asset Register compiled for the Year 2024.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Inventory Consumed R	Transfers and Subsidies Paid R	Operating Leases R	Operational Costs R
Balance previously reported	16 403 320	530 350	335 586	25 560 914
Correction of Errors:-				
Adjust Expenditures for Water Inventory	(18 538)	-	-	-
Restated Balance now reported	16 384 782	530 350	335 586	25 560 914

Inventory Consumed:

The **prior year amounts** for Gains on Other Operations and Inventory Consumed have been restated to correctly disclose the fair value gains on Water Inventory, previously not recognised.

47.8 Reclassification and/or Corrections of Statement of Financial Position

Opening Balances and **Prior Year Amounts** of items in the Statement of Financial Position have been restated as indicated below:

	Inventories R	Receivables from Exchange Transactions R	Statutory Receivables from VAT Transactions R
Balances previously published per AFS as at 30 June 2022	5 752 410	16 148 307	5 812 724
Correction of Errors:-			
Adjust Water Inventory	(26 086)	-	-
Adjust Receivables for Unbilled Services	-	211 606	-
Adjust Receivables for Long-term Debtors Impairment	-	2 339 196	-
Adjust Operational Revenue as per COMAF 34 of 2023	-	95 031	(12 395)
Balances now published per AFS as at 30 June 2022	5 726 324	18 794 140	5 800 328
Transactions incurred for the Year 2022/23	(295 179)	(324 088)	(360 491)
Correction of Errors:-			
Adjust Water Inventory	18 538	-	-
Adjust Receivables for Traffic Fines	-	112 386	-
Adjust Receivables for Unbilled Services	-	887 858	-
Adjust Receivables for Long-term Debtors Impairment	-	94 970	-
Adjust Receivables for Current Long-term Receivables	-	(1 850 022)	-
Adjust Operational Revenue as per COMAF 34 of 2023	-	(95 031)	12 395
Adjust Receivable for Development Charges COMAF 54 of 2023	-	2 660 509	(347 023)
Balances now published per AFS as at 30 June 2023	5 449 683	20 280 722	5 105 210

Inventories:

The **opening balances** of Inventories and Accumulated Surplus have been restated to correctly disclose the value of Inventories, restated in terms of recalculations of Water in Distribution System.

The **prior year amounts** for Inventories and Inventory Consumed have been restated to correctly disclose the value of Water Inventory, restated in terms of recalculations of Water in Distribution System.

Receivables from Exchange Transactions:

The **opening balances** for Exchange Receivables and Accumulated Surplus have been restated to correctly disclose the receivables for Electricity Services, unbilled services at year-end previously incorrectly calculated.

Furthermore, the **opening balances** of Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, Accumulated Impairment for Non-current Receivables previously allocated to Current Debtors.

Furthermore, the **opening balances** of Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, Debtors previously incorrectly recognised in the wrong financial period as per COMAF 34 of 2023.

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The **prior year amounts** for Exchange Receivables and Statutory Non-exchange Receivables have been restated to correctly disclose the receivables for Traffic Fines, previously incorrectly classified.

Furthermore, the **prior year amounts** for Exchange Receivables and Service Charges have been restated to correctly disclose the receivables for Electricity Services, unbilled services at year-end previously incorrectly calculated.

Furthermore, the **prior year amounts** of Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, Accumulated Impairment for Non-current Receivables previously allocated to Current Debtors.

Furthermore, the **prior year amounts** for Exchange Receivables and Long-term Receivables have been restated to correctly disclose the receivables for Services, adjusted for Current Portion of Long-term Receivables.

Furthermore, the **prior year amounts** of Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, Debtors previously incorrectly recognised in the wrong financial period as per COMAF 34 of 2023.

Furthermore, the **prior year amounts** for Receivables from Exchange Transactions have been restated to correctly disclose the value for Receivables, Development Charges previously not accrued for as per COMAF 54 of 2023.

Statutory Receivables from VAT Transactions:

The **opening balances** of VAT Receivable have been restated to correctly disclose the value of Receivables, Revenue previously incorrectly recognised in the wrong financial period as per COMAF 34 of 2023.

The **prior year amounts** of VAT Receivable have been restated to correctly disclose the value of Receivables, Revenue previously incorrectly recognised in the wrong financial period as per COMAF 34 of 2023.

Furthermore, the **prior year amounts** for VAT Receivable have been restated to correctly disclose the value for Receivables, Development Charges previously not accrued for as per COMAF 54 of 2023.

	Receivables from Non-exchange Transactions	Statutory Receivables from Non-exchange Transactions	VAT Receivable
	R	R	R
Balances previously published per AFS as at 30 June 2022	312 355	15 919 981	-
Correction of Errors:-			
Adjust Non-exchange Receivables for Long-term Debtors Impairment	-	221 139	-
Rounding Errors	-	-	-
Balances now published per AFS as at 30 June 2022	312 355	16 141 121	-
Transactions incurred for the Year 2022/23	127 233	(955 094)	-
Correction of Errors:-			
Adjust Receivables for Long-term Debtors Impairment	-	(49 164)	-
Adjust Receivables for Traffic Fines	-	(112 386)	-
Adjust Receivables for Current Long-term Receivables	-	(145 915)	-
Balances now published per AFS as at 30 June 2023	439 587	14 878 562	-

Statutory Receivables from Non-exchange Transactions:

The **opening balances** of Statutory Non-exchange Receivables have been restated to correctly disclose the value of Receivables, Accumulated Impairment for Non-current Receivables previously allocated to Current Debtors.

The **prior year amounts** of Statutory Non-exchange Receivables have been restated to correctly disclose the value of Receivables, Accumulated Impairment for Non-current Receivables previously allocated to Current Debtors.

Furthermore, the **prior year amounts** for Statutory Non-exchange Receivables and Exchange Receivables have been restated to correctly disclose the receivables for Traffic Fines, previously incorrectly classified.

Furthermore, the **prior year amounts** for Statutory Non-exchange Receivables and Long-term Receivables have been restated to correctly disclose the receivables for Services, adjusted for Current Portion of Long-term Receivables.

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	Cash and Cash Equivalents R	Lease Receivables R	Long-term Receivables R
Balances previously published per AFS as at 2022	113 324 362	48 060	-
Correction of Errors:-			
Adjust Receivables for Rental from Leased Assets	-	242 274	-
Balances now published per AFS as at 2022	113 324 362	290 334	-
Transactions incurred for the Year	8 448 858	(37 708)	-
Correction of Errors:-			
Adjust Receivables for Rental from Leased Assets	-	76 358	-
Balances now published per AFS as at 30 June 2023	121 773 220	328 985	-

Operating Lease Receivable:

The **opening balances** for Operating Lease Receivables and Accumulated Surplus have been restated to correctly disclose the value of Lease Receivables, the straight lining thereof previously not correctly calculated.

The **opening balances** for Operating Lease Receivables and Rental from Fixed Assets have been restated to correctly disclose the value of Lease Receivables, the straight lining thereof previously not correctly calculated.

	Property, Plant and Equipment	Intangible Assets	Investment Property
Balances previously published per AFS as at 30 June 2022	461 390 307	661 987	11 602 350
Correction of Errors:-			
Adjust Asset Cost as per 2024 Asset Register	634 003	-	101 157
Adjust Depreciation as per 2024 Asset Register	111 483	-	-
Balances now published per AFS as at 30 June 2022	462 135 793	661 987	11 703 507
Transactions incurred for the Year 2022/23	48 101 659	(95 081)	(669 322)
Correction of Errors:-			
Adjust Depreciation as per 2024 Asset Register	(3 896)	-	-
Adjust Construction Work-in-Progress as per COMAF 54/2023	1 870 202	-	-
Balances now published per AFS as at 30 June 2023	512 103 757	566 906	11 034 185

Property, Plant and Equipment:

The **opening balances** for Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Year, adjusted for prior year deviations detected.

The **prior year amounts** for Property, Plant & Equipment and Depreciation have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Year, adjusted for prior year deviations detected.

The **prior year amounts** for Property, Plant & Equipment have been restated to increase the value of Capital Assets acquisition with R8 453 597 and decrease Construction Work-in-Progress with (R8 453 597) which was previously not correctly recognised as per COMAF 54 of 2023. The net result on Property, Plant & Equipment is zero.

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	Heritage Assets R	Lease Receivable R	Long-term Receivables R
Balances previously published per AFS as at 30 June 2022	170 979	149 671	428 104
Correction of Errors:-			
Adjust Receivables for Rental from Leased Assets	-	(238 415)	-
Adjust Non-exchange Receivables for Long-term Debtors Impairment	-	-	(2 560 336)
Balances now published per AFS as at 30 June 2022	170 979	(88 744)	(2 132 232)
Transactions incurred for the Year 2022/23	-	88 744	407 055
Correction of Errors:-			
Adjust Receivables for Long-term Debtors Impairment	-	-	(45 806)
Adjust Receivables for Current Long-term Receivables	-	-	1 995 937
Balances now published per AFS as at 30 June 2023	170 979	-	224 953

Lease Receivable:

The **opening balances** for Operating Lease Receivables and Accumulated Surplus have been restated to correctly disclose the value of Lease Receivables, the straight lining thereof previously not correctly calculated.

Long-term Receivables:

The **prior year amounts** for Long-term Receivables, Exchange Receivables and Statutory Non-exchange Receivables have been restated to correctly disclose the receivables for Services, adjusted for Current Portion of Long-term Receivables.

	Consumer Deposits R	Payables from Exchange Transactions R	Payables from Non-exchange Transactions R
Balances previously published per AFS as at 30 June 2022	(3 850 589)	(58 516 910)	-
Correction of Errors:-			
Adjust Consumer Deposits for Posters	(18 854)	-	-
Balances now published per AFS as at 30 June 2022	(3 869 443)	(58 516 910)	-
Transactions incurred for the Year 2022/23	(432 405)	21 510 217	-
Balances now published per AFS as at 30 June 2023	(4 301 848)	(37 006 693)	-

Consumer Deposits:

The **opening balances** of Payables from Consumer Deposits have been restated to correctly disclose the value of Deposits, restated for Poster Deposits recognised in error.

	Borrowings R	Employee Benefit Liabilities R	Provisions R	Lease Payables R
Balances previously published per AFS as at 30 June 2022	(3 023 249)	(13 543 500)	-	-
Correction of Errors:-				
Adjust Provisions VAT on Library Grants	-	-	(2 924 739)	-
Balances now published per AFS as at 30 June 2022	(3 023 249)	(13 543 500)	(2 924 739)	-
Transactions incurred for the Year 2022/23	(1 207 454)	(433 424)	-	(616 524)
Correction of Errors:-				
Adjust Provisions VAT on Library Grants	-	-	(816 522)	-
Balances now published per AFS as at 30 June 2023	(4 230 703)	(13 976 924)	(3 741 261)	(616 524)

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Provisions:

The **opening balances** of Provisions and Accumulated Surplus have been restated to correctly disclose the Liability for Output VAT on library grants received, previously not recognised. Provision has now been made for a VAT Liability based on a technical interpretation of the treatment of Output VAT on Library Grants received and based on the prudent application of GRAP 19 requirements.

The **prior year amounts** of Provisions and Transfers & Subsidies Received have been restated to correctly disclose the Liability for Output VAT on library grants received, previously not recognised. Provision has now been made for a VAT Liability based on a technical interpretation of the treatment of Output VAT on Library Grants received and based on the prudent application of GRAP 19 requirements.

47.9 Reclassification and/or Corrections of Cash Flow Statement

Prior Year Amounts of Items in the Cash Flow Statement have been restated as indicated below:

Cash Flows from Operating Activities - Receipts:

	Property Rates	Transfers & Subsidies	Service Charges
Balance previously reported	49 265 971	109 847 363	160 579 576
Correction of Errors:-			
Adjust Short-term Portion of Long-term Receivables	145 915	-	1 850 022
Adjust Construction Revenue	-	(2 299 981)	-
Adjust Provision for VAT on Library Grants	-	(816 522)	-
Adjust Impairment of Receivables	-	-	467 061
Adjust Operational Revenue as per COMAF 34 of 2023	-	-	95 031
Restated Balance now reported	49 411 886	106 730 860	162 991 690

Property Rates:

The **prior year amounts** for Property Rates have been restated to correctly disclose the cash inflow from Property Rates, restated for Short-term Portion of Long-term Receivables.

Transfers & Subsidies:

The **prior year amounts** for Transfers & Subsidies have been restated to correctly disclose the cash inflow from Grants Received, restated for Construction Contract Revenue previously recognised in Transfers & Subsidies.

Furthermore, the **prior year amounts** for Transfers & Subsidies have been restated to correctly disclose the cash inflow from Grants Received, restated for the provision for Output VAT Liability based on a technical opinion received.

Furthermore, the **prior year amounts** for Transfers & Subsidies have been reclassified to correctly disclose cash inflow from Transfers, Transfers previously not recognised as per COMAF 54 of 2023.

Service Charges:

The **prior year amounts** for Service Charges have been restated to correctly disclose the cash inflow from Service Charges, restated for Short-term Portion of Long-term Receivables.

Furthermore, the **prior year amounts** for Service Charges have been restated to correctly disclose the cash inflow from Service Charges, Impairment of Non-current Receivables previously allocated to Current Receivables.

Furthermore, the **prior year amounts** for Service Charges have been restated to correctly disclose the cash inflow from Service Charges, Revenue previously recognised in the wrong financial period as per COMAF 34 of 2023.

	Fines, Penalties & Forfeits R	Interest & Dividends Received R	Other Receipts R	VAT Received R
Balance previously reported	8 556 649	7 182 748	12 971 459	-
Correction of Errors:-				
Adjust Traffic Fines	112 386	-	(112 386)	-
Adjust Impairment of Receivables	-	-	(467 061)	-
Adjust Construction Revenue	-	-	2 299 981	-
Adjust Operational Revenue as per COMAF 34 of 2023	-	-	(82 635)	(12 395)
Adjust Receivable for Development Charges COMAF 5	-	-	590 089	46 607
Restated Balance now reported	8 669 035	7 182 748	15 199 446	34 212

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Fines, Penalties and Forfeits:

The **prior year amounts** for Fines, Penalties and Forfeits have been restated to correctly disclose the cash inflow from Fines, previously included under Other Receipts.

Other Receipts:

The **prior year amounts** for Other Receipts have been restated to correctly disclose the cash inflow from Fines, previously included under Other Receipts.

Furthermore, the **prior year amounts** for Other Receipts have been restated to correctly disclose the cash inflow from Charges, Impairment of Non-current Receivables previously allocated to Current Receivables.

Furthermore, the **prior year amounts** for Transfers & Subsidies have been restated to correctly disclose the cash inflow from Construction Contract Revenue, previously recognised in Transfers & Subsidies.

Furthermore, the **prior year amounts** for Other Receipts have been restated to correctly disclose the cash inflow from Other Receipts, restated as per COMAFs 34 and 54 of 2023 issued by the Auditor-General.

VAT Received:

The **prior year amounts** for VAT Received have been restated to correctly disclose the cash flows from Transactions, restated as per COMAFs 34 and 54 of 2023 issued by the Auditor-General.

Cash Flows from Operating Activities - Payments:

	Suppliers Paid R	Bad Debt Written-off R	VAT Paid R
Balance previously reported	(173 455 329)	-	(300 415)
Correction of Errors:-			
Adjust Provision for VAT on Library Grants	816 522	-	-
Adjust Impairment of Receivables	(45 806)	-	-
Adjust Expenditure for Work-in-Progress COMAF 54 of 2023	1 870 202	-	300 415
Restated Balance now reported	<u>(170 814 412)</u>	<u>-</u>	<u>-</u>

Suppliers Paid:

The **prior year amounts** for Suppliers Paid have been restated to correctly disclose the cash outflow from Transactions, restated for the provision for Output VAT Liability based on a technical opinion received.

Furthermore, the **prior year amounts** for Suppliers Paid have been restated to correctly disclose the cash outflow from Transactions, restated for Construction Work-in-Progress as per COMAF 54 of 2023 issued by the Auditor-General.

VAT Paid:

The **prior year amounts** for VAT Paid have been restated to correctly disclose the cash outflow from Transactions, restated as per COMAF 54 of 2023 issued by the Auditor-General.

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Cash Flows from Investing Activities:

	Purchase of PPE R	Purchase of Intangible Assets R	Purchase of Investment Property R
Balance previously reported	(59 894 634)	(72 617)	-
Correction of Errors:- Adjust Expenditure for Work-in-Progress COMAF 54 of 2023	(2 807 313)	-	-
Restated Balance now reported	<u><u>(62 701 947)</u></u>	<u><u>(72 617)</u></u>	<u><u>-</u></u>

Purchase of Property, Plant and Equipment:

The **prior year amounts** for Property, Plant & Equipment have been restated to correctly disclose the cash outflow from Transactions, restated for Construction Work-in-Progress as per COMAF 54 of 2023 issued by the Auditor-General.

	Proceeds on Disposal of PPE R	Proceeds on Disposal Intangible Assets R	Decrease / (Increase) in LT Receivables R
Balance previously reported	571 864	-	(407 055)
Correction of Errors:- Adjust Impairment of Receivables	-	-	45 806
Adjust Short-term Portion of Long-term Receivables	-	-	(1 995 937)
Restated Balance now reported	<u><u>571 864</u></u>	<u><u>-</u></u>	<u><u>(2 357 185)</u></u>

Change in Long-term Receivables:

The **prior year amounts** for Long-term Receivables have been restated to correctly disclose the cash inflow from Service Charges, restated for Short-term Portion of Long-term Receivables.

48. CHANGE IN ACCOUNTING ESTIMATES

48.1 Depreciation Expenditure:

The remaining useful lives and residual values of Capital Assets were re-assessed in the current year and affected the amount of depreciation for the 2023/24 financial year. The adjustments are as follows:

	2024 R	2023 R
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of Capital Assets	310 253	(3 465)
Increase / (Decrease) in Depreciation of Capital Assets	<u><u>310 253</u></u>	<u><u>(3 465)</u></u>
Depreciation as previously stated	18 636 406	14 627 740
Adjustment due to Change in Accounting Estimate	310 253	(3 465)
Depreciation as per Note 36.	<u><u>18 946 659</u></u>	<u><u>14 624 275</u></u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

49. CASH GENERATED BY OPERATIONS		2024 R	2023 R
Surplus / (Deficit) for the Year		59 468 306	56 622 929
Adjustment for Non-cash Transactions included in Surplus / (Deficit):			
Fines, Penalties and Forfeits	Refer Note 23.1	859 930	689 740
Transfers and Subsidies Received	Refer Note 25.1	(4 689 055)	(933 090)
Employee Related Costs	Refer Note 33.1	9 896 352	9 404 350
Depreciation and Amortisation	Refer Note 35.2	18 946 659	14 624 275
Impairment Losses	Refer Note 36.1	42 877 264	36 958 476
Interest, Dividends and Rent on Land	Refer Note 37.1	6 975 290	6 338 347
Contracted Services	Refer Note 39.1	839 217	816 522
Operational Costs	Refer Note 43.1	(584 231)	825 586
Gains on Other Operations	Refer Note 44.1	(412 412)	(5 080 416)
Losses on Other Operations	Refer Note 44.1	262	-
Gains / Losses on Disposal of Assets	Refer Note 46.1	2 762 341	1 289 495
Adjustment for Cash Transactions not included in Surplus / (Deficit):			
Transfer of Property, Plant and Equipment	Refer Note 8.1	435	1 870 202
Expenditure from Current Employee Benefit Liabilities	Refer Note 18.1.1	(3 067 254)	(4 105 052)
Expenditure from Non-current Employee Benefit Liabilities	Refer Note 18.1.2	(1 871 971)	(1 019 458)
Adjustment for Non-cash Transactions included in Working Capital:			
Inventories	Refer Note 1.1	121	-
Bad Debt Written-off: Exchange Receivables	Refer Note 2.1	(562 244)	(3 740 612)
Bad Debt Written-off: Statutory Non-exchange Receivables	Refer Note 5.1	(20 696 648)	(23 741 925)
Decrease/(Increase) in Impairment of Exchange Receivables	Refer Note 2.3	(5 043 175)	5 594 440
Decrease/(Increase) in Impairment of Statutory Exchange Receivables	Refer Note 3.1	743 563	(660 907)
Decrease/(Increase) in Impairment of Non-exchange Receivables	Refer Note 4.3	(446 209)	(432 520)
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	Refer Note 5.3	(8 734 216)	(13 084 020)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:			
Gains / (Losses) on Disposal of Capital Assets	Refer Note 46.1	(366 713)	(571 864)
Minor Variance on Impairment		(339 746)	(45 805)
Operating Surplus before Working Capital Changes		<u>96 555 867</u>	<u>81 618 693</u>
Decrease/(Increase) in Inventories		(630 455)	276 640
Decrease/(Increase) in Receivables from Exchange Transactions		(23 690 284)	(1 486 582)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions		(1 772 042)	695 119
Decrease/(Increase) in Receivables from Non-exchange Transactions		112 502	(127 233)
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions		(8 933 421)	1 262 559
Decrease/(Increase) in Operating Lease Receivables		(38 977)	(127 394)
Increase/(Decrease) in Consumer Deposits		480 284	432 405
Increase/(Decrease) in Payables from Exchange Transactions		42 171 546	(21 510 217)
Increase/(Decrease) in Unspent Conditional Grants and Receipts		1 585 529	6 075 339
Increase/(Decrease) in Operating Lease Payables		3 480	7 391
Cash Generated by / (Utilised in) Operations		<u><u>105 844 030</u></u>	<u><u>67 116 719</u></u>

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

50. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

50.1 Unauthorised Expenditure	2024 R	2023 R
Reconciliation of Unauthorised Expenditure:		
Opening Balance:	1 018 394	9 254 350
Unauthorised Expenditure Current Year:	978 131	1 018 394
Approved/Condoned by Council:	-	(9 254 350)
Unauthorised Expenditure awaiting authorisation	<u><u>1 996 525</u></u>	<u><u>1 018 394</u></u>

Incident	Disciplinary Steps / Criminal Proceedings
Budgeted votes exceeded:-	
- Health - R0 (2023: R67)	To be condoned by Council
- Waste Water Management - R0 (2023: R1 018 327)	To be condoned by Council
- Capital Expenses: Finances - R978,131	To be condoned by Council

50.2 Fruitless and Wasteful Expenditure	2024 R	2023 R
Reconciliation of Fruitless and Wasteful Expenditure:		
Opening Balance	-	-
Fruitless and Wasteful Expenditure	-	248 240
- Current Year	-	248 240
- Prior Year	-	-
Expenditure investigated and approved by Council	-	-
To be Recovered – Receivables	-	(248 240)
- Current Year	-	(248 240)
- Prior Year	-	-
Fruitless and Wasteful Expenditure	<u><u>-</u></u>	<u><u>-</u></u>

The fruitless and wasteful expenditure is a result of negligence by a municipal employee and has been submitted to Council. It has since been noted and referred to the Section 32 Committee and Disciplinary Committee for further investigation. The investigation has been concluded and the fruitless and wasteful expenditure is to be recovered from the employee.

Incident	Disciplinary Steps / Criminal Proceedings		
B Pieterse.	(refer Note 2)	0	248 240,00

50.3 Irregular Expenditure	2024 R	2023 R Restated
Reconciliation of Irregular Expenditure:		
Opening Balance:	2 949 732	13 590 205
Irregular Expenditure Current Year:	63 312 683	35 340 500
- Current Year	63 312 683	35 340 500
- Prior Year	-	-
Condoned/Written-off by Council:	-	(45 980 973)
- Current Year	-	(32 390 767)
- Prior Year	-	(13 590 206)
Irregular Expenditure awaiting condonation	<u><u>66 262 415</u></u>	<u><u>2 949 732</u></u>

The amounts disclosed for Irregular Expenditure are inclusive of VAT.

SWELLENHAM MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Current Year:

Incident	Deviation	Disciplinary Steps	2024	2023 Restated
Asla Construction	Non compliance with SCM regulations	None- Under Investigation Restated	61 379 259	303 521
Hessequa Consulting Engineers	Non compliance with SCM regulations	None- Under Investigation	173 747	55 772
Mubesko Africa	Non compliance with SCM regulations	None- Under Investigation	-	156 183
Macnay CC	Non compliance with SCM regulations	None- Under Investigation	-	598 000
Preferential procurement Regulation 2022 below R20 000 (Various)	Non compliance with SCM regulations	None- Under Investigation Restated	1 671 939	1 836 257
Johan Kemp	Non compliance with SCM regulations	None- Under Investigation	87 738	-
		Total Under Investigation	63 312 683	2 949 733
Asla Construction	Non compliance with SCM regulations	Current Year: Write-Off	-	30 118 725
Hessequa Consulting Engineers	Non compliance with SCM regulations	Current Year: Write-Off	-	371 810
Rheochem (Pty) Ltd	Non compliance with SCM regulations	Current Year: Write-Off	-	1 410
Genecom	Non compliance with SCM regulations	Current Year: Write-Off	-	857 600
Mubesko Africa	Non compliance with SCM regulations	Current Year: Write-Off	-	1 041 221
		Total Current Year	-	32 390 767
Asla Construction	Non compliance with SCM regulations	Prior Year: Write-Off	-	12 440 700
Mubesko Africa	Non compliance with SCM regulations	Prior Year: Write-Off	-	988 653
ESRI South Africa	Non compliance with SCM regulations	Prior Year: Write-Off	-	160 852
		Total Prior Year	-	13 590 205

Prior Year Restated:

Incident	Deviation	Disciplinary Steps / Criminal Proceedings	2023 Restated
Mubesko Africa	Non compliance with SCM regulations	None - Under Investigation	156 183
Asla Construction	Non compliance with SCM regulations	None - Under Investigation	65 535
		Total Prior Year Restated	221 718

51. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

**2024
R**

**2023
R**

51.1 MUNICIPAL FINANCE MANAGEMENT ACT

51.1.1 Contributions to Organised Local Government - SALGA

Opening Balance	1 208 685	1 175 438
Council Subscriptions	1 263 246	1 208 685
Amount Paid - current year	(1 263 246)	-
Amount Paid - previous years	(1 208 685)	(1 175 438)

Balance Unpaid (included in Creditors)

-	1 208 685
----------	------------------

51.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	33 259 132	30 081 334
Amount Paid - current year	(33 259 132)	(30 081 334)

Balance Unpaid (included in Creditors)

-	-
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SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
51.1.3 Audit Fees		
Opening Balance	27 040	2 686 602
Current year Audit Fees:	7 020 216	4 393 408
Amount Paid - current year	(7 020 216)	(4 366 368)
Amount Paid - previous years	(27 040)	(2 273 561)
Amount written off - previous year	-	(413 041)
Balance Unpaid (included in Creditors)	<u>-</u>	<u>27 040</u>

The prior year's amounts have been restated due to recalculations done on documentation

51.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	18 715 637	16 907 357
Amount Paid - current year	(18 715 637)	(16 907 357)
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

51.1.5 VAT

The net of VAT input receivables and VAT output payables are shown in Note 3. All VAT returns have been submitted by the due date throughout the year.

51.1.6 Councillor's arrear Consumer Accounts

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

	Total	Outstanding up to 90 days	Outstanding more than 90 days
30 June 2024			
Councillor D.Julius	746	746	-
Councillor F. Du Randt	15	15	-
Total Councillor Arrear Consumer Accounts	<u>761</u>	<u>761</u>	<u>-</u>
30 June 2023			
Councillor D.Julius	1 297	1 297	-
Councillor F. Kees	2 379	2 379	-
Councillor F. Du Randt	1 422	1 422	-
Councillor I.H. Ferguson	9 306	970	8 337
Total Councillor Arrear Consumer Accounts	<u>14 404</u>	<u>6 067</u>	<u>8 337</u>

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

51.1.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 June 2024

Commodity	Tenderer	Reason	Amount (R)
Goods / Services	Various (22)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	963 098
Goods / Services	Various (15)	Emergency (*)	2 260 472
Goods / Services	Various (10)	Goods or services are produced or available from a sole supplier.	87 672
Goods / Services	Various	To ratify any minor breach of the procurement process which are of a technical nature	-
Total:			3 311 242

(*) The amount does not include 1 case in respect of services rendered where the amount is based on a rate.

30 June 2023

Commodity	Tenderer	Reason	Amount (R)
Goods / Services	Various (17)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	438 477
Goods / Services	Various (14)	Emergency (*)	1 183 898
Goods / Services	Various (8)	Goods or services are produced or available from a sole supplier.	84 520
Goods / Services	Various (2)	To ratify any minor breach of the procurement process which are of a technical nature	5 475
Total:			1 712 370

(*) The amount does not include 1 case in respect of services rendered where the amount is based on a rate.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

51.1.8 Awards to close family members of persons in the service of the state

In terms of section 45(1) of the Municipal Supply Chain Management Policy approved by the Council, the accounting officer must ensure that particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, must be disclosed in the notes to the Annual Financial Statements.

The following awards to close family members of persons in the service of the state in terms of the municipality's Supply Chain Management Policy and declared on MBD 4 were made:

				2024 R	2023 R
Company Name	Employee Name & Relationship	Capacity	Type of Award	Award / Purchases for the Year	Award / Purchases for the Year
Hein's Auto Elektries	J. de Jager (Brother)	Manager: Budget, Reporting & Exp.	Rates Tender	73 408	260 889
Kemanzi (PTY) LTD	J.N. du Toit (Spouse)	Teacher	Rates Tender	643 860	292 834
LSL Enterprises (Pty) Ltd	Cllr G. Lebazi (Sister)	Councillor	Rates Tender & Direct Orders	19 935	138 122
Masakhane Training	Q. Martin (Husband)	Sergeant	Direct Order	9 500	78 655
Jonathan Oktober	M. Oktober (Wife)	Cleaner	Rates Tender & Quotation	6 382	46 896
Parkers and Partners (PTY) LTD	K. Juries (Son)	Chief Clerk: Acquisitions	Direct Order	31 830	-
AH Windvogel	MPLR Windvogel (Morthor)	Member of Parliament	Direct Order	21 840	5 450
Ducharme Consulting	L.Mbekeni (Wife)	Senior Legal Officer	Tender / Direct Order	2 655 165	-
Bazil Koopman	K Mitchel (Wife)	Teacher	Direct Order	-	12 180
Desmond Prins	J.Francis (Daughter)	Sterilisation Officer	Direct Order	9 000	950
Gert Coetzee	L. Coetzee (Wife)	Supervisor: Registration & Licensing	Direct Order	-	6 200
Paul Cupido	T. Cupido (Wife)	Cashier	Direct Order	-	1 980
Agritech t/a Autozone	L. Baransky (Wife)	Admin Officer: Property Management	Direct Order	18 429	21 201
Phillip Crafford	J. Crafford (Wife)	Snr. Administrator: Courts	Direct Order	19 026	10 880
Hermanus Jacobus Swart	F. Swart (Brother)	Foreman: Parks & Recreation	Direct Order	-	4 557
Red Ant Security and Relocation Services	N. Lesiela (Wife)	Organisational Design Development Pract.	Direct Order	1 335 937	-
JM Carelse	W, Carelse (Son)	General Worker:Parks	Direct Order	36 854	82 185
Ruhan Beukes	D. Beukes (Mother)	Accountant: Rates & Taxes	Direct Order	68 142	11 198
Swellendam Bestuurskool	R. Blauw (Son)	Teacher	Direct Order	24 500	3 000
MG Gilomee	P. Gilomee (Wife)	Exec PA to Ald.G. Fourie	Fixed Bid Price	116 780	29 937
Total Awards and/or Purchases				5 090 588	1 007 114

For fixed bid prices the award amount is disclosed, for direct orders the order amount is disclosed and for rates tenders the actual expenditure is disclosed.

SWELLEDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

51.1.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value
30 June 2024	Unaccounted Electricity Losses	<u>4 838 250</u>	<u>1,8421</u>	<u>8 912 541</u>
30 June 2023	Unaccounted Electricity Losses	<u>4 537 634</u>	<u>1,5716</u>	<u>7 131 346</u>

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

Volumes in kWh/year:	2024 R	2023 R
System Input Volume	53 261 564	50 709 600
Billed Consumption	<u>48 423 314</u>	<u>46 171 966</u>
	<u>4 838 250</u>	<u>4 537 634</u>
Percentage Distribution Loss	9,08%	8,95%

Water:

		Lost Units	Tariff	Value
30 June 2024	Unaccounted Water Losses	<u>560 063</u>	<u>4,524</u>	<u>2 533 572</u>
30 June 2023	Unaccounted Water Losses	<u>526 298</u>	<u>4,1901</u>	<u>2 205 222</u>

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

Volumes in Kl/year:	2024 R	2023 R
System Input Volume	1 925 692	1 849 545
Billed Consumption	<u>1 365 629</u>	<u>1 323 247</u>
Distribution Loss	<u>560 063</u>	<u>526 298</u>
Percentage Distribution Loss	29,08%	28,46%

51.2 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.

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

52. COMMITMENTS FOR EXPENDITURE	2024 R	2023 R
52.1 Capital Commitments		
- Approved and Contracted for:-	20 248 422	23 574 044
Infrastructure	19 372 665	23 574 044
Community	494 940	-
Office Buildings	380 817	-
Total Capital Commitments	20 248 422	23 574 044
This expenditure will be financed from:		
Capital Replacement Reserve	9 450 070	1 773 394
Government Grants	10 798 351	21 800 650
	20 248 422	23 574 044

The Capital Commitments are VAT inclusive.

53. FINANCIAL INSTRUMENTS	2024 R	2023 R
53.1 Classification		
FINANCIAL ASSETS:		
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:		
Financial Assets at Amortised Cost:		
Non-current Long-term Receivables	Property Rates 344 706	203 872
Non-current Long-term Receivables	Trading Service Debtors 2 880 671	2 627 224
Receivables from Exchange Transactions	Electricity 12 021 440	10 040 470
Receivables from Exchange Transactions	Refuse 1 486 454	1 369 033
Receivables from Exchange Transactions	Sewerage 1 861 620	1 807 795
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts 89 607	89 607
Receivables from Exchange Transactions	Other Service Charges 639 843	341 143
Receivables from Exchange Transactions	Water 3 625 247	2 906 708
Receivables from Exchange Transactions	Property Rental Debtors 32 802	54 181
Receivables from Exchange Transactions	Housing Selling Scheme 1 171	1 134
Receivables from Exchange Transactions	Insurance Debtors 17 666 698	-
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts 1 588 411	3 507 522
Receivables from Non-exchange Transactions	Accrued Income -	129 538
Receivables from Non-exchange Transactions	Electricity 135 702	127 916
Receivables from Non-exchange Transactions	Sewerage 100 034	97 302
Receivables from Non-exchange Transactions	Water 91 349	84 831
Cash and Cash Equivalents	Call Deposits 93 346 738	17 329 376
Cash and Cash Equivalents	Bank Balances 85 164 736	104 439 194
Cash and Cash Equivalents	Cash Floats and Advances 4 650	4 650
Total Financial Assets	225 527 876	145 161 495

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

		2024	2023
		R	R
FINANCIAL LIABILITIES:			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as			
Financial Liabilities at Amortised Cost:			
Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	214 499	616 524
Non-current Borrowings	Annuity Loan	23 326 683	23 987 800
Consumer Deposits	Electricity	781 834	733 074
Consumer Deposits	Water	545 377	455 617
Consumer Deposits	Other Deposits	3 454 921	3 113 157
Payables from Exchange Transactions	Other Payables	17 968 354	1 841 093
Payables from Exchange Transactions	Retentions	1 295 700	1 249 738
Payables from Exchange Transactions	Trade Creditors	57 255 168	31 303 179
Current Finance Lease Obligations	Current Finance Lease Obligations	402 025	361 517
Current Borrowings	Annuity Loan	4 161 118	4 230 703
Total Financial Liabilities		109 405 679	67 892 402

No Financial Instruments of the municipality have been reclassified during the year.

		2024	2023
		R	R
<u>Gearing Ratio</u>			
The gearing ratio at the year-end was as follows:			
Debt		28 104 324	29 196 544
Cash and Cash Equivalents		(93 351 388)	(17 334 026)
Net Debt		(65 247 063)	11 862 518
Equity		548 348 491	488 880 186
Net debt to equity ratio		-11,90%	2,43%

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

53.2 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Further quantitative disclosures are included throughout these Annual Financial Statements.

53.3 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Refer to Note 53.4 below for more detail

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investments held with registered financial institutions. Refer to Note 53.5 below for more detail.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 53.6 to the Annual Financial Statements.

53.4 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 53.6 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

53.4.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in foreign currency.

53.4.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, such borrowing being below market related

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 53.6 below:

Cash and Cash Equivalents:

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2024 would have increased / decreased by R375 350 (30 June 2023: R293 858). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

53.5 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other

Long-term Receivables and Other Debtors are individually evaluated annually at reporting 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.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2024 R	2023 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Long-term Receivables	3 225 377	2 831 096
Receivables from Exchange Transactions	62 091 386	33 706 513
Receivables from Non-exchange Transactions	3 389 195	3 055 488
Bank, Cash and Cash Equivalents	178 516 123	121 773 220
Maximum Credit and Interest Risk Exposure	247 222 081	161 366 316

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	2024	2023
	%	%
Exchange Debtors:		
- Service Debtors	58,45%	81,82%
- Other Receivables	0,18%	0,32%
- Other Debtors	26,98%	0,00%
- Other Minor Classes	9,22%	9,54%
Non-Exchange Debtors:		
- Service Debtors	5,18%	7,96%
- Other not Classified	0,00%	0,35%

Total Credit Risk	100,00%	100,00%
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Bank and Cash Balances

ABSA Bank Ltd	178 511 473	121 768 570
Cash Equivalents	4 650	4 650

Total Bank and Cash Balances	178 516 123	121 773 220
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Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables

	R	R
High	-	-
Medium	344 706	203 872
Low	2 880 671	2 627 224

Total Long-term Receivables	3 225 377	2 831 096
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Receivables from Exchange Transactions

Counterparties without external credit rating:-

High	41 404 689	14 221 158
Medium	2 105 913	5 043 483

Total Receivables from Exchange Transactions	43 510 602	19 264 641
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Receivables from Non-exchange Transactions

High	257 163	383 944
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Total Receivables from Non-exchange Transactions	257 163	383 944
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Credit quality Groupings:

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are

The municipality holds deposits to the amount of R4 782 132 (2023: R4 301 848) as security for outstanding debt of its receivables.

None of the financial assets that are fully performing, have been renegotiated in the last year.

Refer to Note 2.1 for the analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired.

SWELLEN DAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

53. FINANCIAL INSTRUMENTS (Continued)

53.6 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	12 Months or less	2 - 5 Years	More than 5 Years		
	#	%	R	R	R	R	R	R
30 June 2024								
Non-interest Bearing			81 301 354	81 301 354	-	-	-	-
- Consumer Deposits			4 782 132	4 782 132	-	-	-	-
- Payables from Exchange transactions			76 519 222	76 519 222	-	-	-	-
Fixed Interest Rate Instruments			42 730 042	7 117 794	20 183 225	15 429 023	-	-
- Non-current Finance Lease Obligations		10,76%	221 733	-	221 733	-	-	-
- Non-current Long-term Liabilities		11,39%	35 390 515	-	19 961 492	15 429 023	-	-
- Current Finance Lease Obligations		10,67%	448 718	448 718	-	-	-	-
- Current Portion of Long-term Liabilities		10,50%	6 669 076	6 669 076	-	-	-	-
			124 031 396	88 419 148	20 183 225	15 429 023	-	-
30 June 2023								
Non-interest Bearing			38 695 857	38 695 857	-	-	-	-
- Consumer Deposits			4 301 848	4 301 848	-	-	-	-
- Payables from Exchange transactions			34 394 010	34 394 010	-	-	-	-
Fixed Interest Rate Instruments			44 256 329	6 463 794	20 743 342	17 049 192	-	-
- Non-current Finance Lease Obligations		10,90%	670 451	-	670 451	-	-	-
- Non-current Long-term Liabilities		11,19%	37 122 084	-	20 072 891	17 049 192	-	-
- Current Finance Lease Obligations		10,67%	448 718	448 718	-	-	-	-
- Current Portion of Long-term Liabilities		10,82%	6 015 077	6 015 077	-	-	-	-
			82 952 186	45 159 652	20 743 342	17 049 192	-	-

The municipality has access to financing facilities, the total unused amount which is R0 (2023: R0), at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

54. RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below.

Council contributes to the Consolidated Retirement Fund and the Municipal Workers Retirement Fund, which are both defined contribution funds. In terms of the schemes' rules, pension is being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

These funds are governed by the Pension Funds Act, 1956, and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R11 887 458 (2023: R10 787 372) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

54.1 DEFINED CONTRIBUTION SCHEMES

Consolidated Retirement Fund for Local Government:

The contribution rate paid by the members is 7.5% and/or 9% and the municipality's 19.5% and/or 18% is sufficient to fund the benefits accruing from the fund in the future.

Municipal Workers Retirement Fund:

The contribution rate payable is 9% by the members and 18% by their councils. As from 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates.

55. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

55.1 Interest of Related Parties

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses as indicated below:

Designation	Businesses	Description of Related Party Relationship	
Councillor	Barrydale Training Hup	Non-Profit Organization	Director
Councillor	Nerospec Pty (Ltd)	Electronic Manufacturing	HOD Marketing
Councillor	Contemporary Arts	Art Gallery	Owner
Management	Dswart Enterprises	Town House Management	Non-Executive

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

55.2 Services rendered to Related Parties

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
30 June 2024				
Councillors	80 841	227 528	1 380	60 210
Senior Managers - Section 57 Employees	23 611	15 712	115	4 345
Total Services	104 452	243 240	1 495	64 555
	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
30 June 2023				
Councillors	65 618	234 879	1 630	83 418
Senior Managers - Section 57 Employees	14 547	15 421	81	3 738
		-		
Total Services	80 165	250 300	1 711	87 156

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Key Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

55.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

55.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 34.1, 34.2 and 35 to the Annual Financial Statements.

Included in the notes of Compensation of Key Management the municipality has current employee benefit obligations and made other non-employee related cost payments towards senior management on 30 June 2024

55.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related

Company Name	Related Person	Municipal Capacity	Nature of relationship	Purchases for the Year	Purchases for the Year
LSL Enterprises	Gladys Libazi	Councillor	Aunt	19 935	138 122
Total Purchases				19 935	138 122

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
56. CONTINGENT LIABILITIES		
56.1 Bank Guarantees:	22 000	5 134 900
(i) In favour of Eskom	2 000	2 000
(ii) In favour of Department of Minerals and Energy	20 000	20 000
(iii) In favour of Diale Mogashoa Inc Attorneys	-	5 112 900
56.2 Court Proceedings:	4 104 270	2 979 352

Court Proceedings arose due to various claims brought against the Municipality. The attorneys suggested that the matters will be defended, due to the circumstances of each.

The likelihood of successfully defending the claims, as well as the timing and possible costs thereof, cannot be determined at this time.

(i) R van Rooi - Case number C385/2016: - 22 141
Unfair labour practice dispute - Legal cost of approximately R165 000. The outcome of the matter is still uncertain.

(ii) Royal Haskoning DHV (Pty) Ltd: 246 639 246 639
Contract in dispute.

(iii) Re-Solve Consulting (Pty) Ltd: 1 744 092 1 744 092
Contract in dispute.

(iv) Swellendam Municipality // JP Botha 40 343 -
SWE2/0109 - Damage to vehicle due to potholes.

(v) Swellendam Municipality // Rowe Iliso Joint Venture 432 375 -
SWE2/0120 - Contractor dispute Barrydale Water Works

(vi) Swellendam Municipality // Guardrisk 197 238 -
SWE2/0121 - Guardrisk dispute with broker.

(vii) VAT Output Tax - Western Cape Provincial Library Grant 1 443 583 966 480

The estimate for Interest and Penalties payable at 30 June 2024 is calculated as R1,443,583 (2023: R966,480). According to Section 217(3) of the Tax Administration Act (TAA), the municipality may apply to the South African Revenue Service (SARS) for the reversal of the percentage penalty imposed in terms of section 213, if SARS is satisfied that the penalty which has been imposed in respect of a "first incidence" of non-compliance, reasonable grounds for the non-compliance exist; and the non-compliance in issue has been remedied, it may result in the total liability being reduced by R458,057 (2023: R374,126). Section 223 of the TAA, however, also imposes an additional understatement penalty of between 10% and 150%, with the applicable penalty based on a spectrum of behavioural criteria.

Due to the uncertainty of the penalty percentage and the criteria that will be used, this additional understatement penalty is difficult to calculate and thus cannot be estimated reliably. This penalty may be waived by SARS in the case of a voluntary disclosure relief application.

Please refer to Note: 19 Provisions and Note 47.3 Reclassification and/or Corrections of Statement of Financial Position for more details

	2024 R	2023 R
57. CONTINGENT ASSETS		
57.1 Insurance Claims:	7 749 689	-
Fire Damages:		
Thusong Community Hall	303 197	-
Main Administration Building	7 446 492	-

Due to a fire that partially destroyed the municipality's administrative building and community hall, an insurance claim for the content of R7,749,689 was lodged. No agreement of loss has been received from SASRIA.

58. IN-KIND DONATIONS AND ASSISTANCE

2023
R

—

—

—

2023
R

- 3 644

903 839

2 253 495

3 160 978

SWELLENHAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

59.2 Municipality acting as the Agent

59.2.1 Motor Vehicle Licensing and Registration

The municipality acts as agent for the Western Cape's Department of Transport and Public Works where it provides motor vehicle registration and licensing services on behalf of the department.

(a) Details of the Arrangement are as follows:

The Municipality undertakes to render Motor Vehicle Licensing Services on behalf of the Western Cape Department of Transport and Transport, and collects a commission of 12% plus VAT.

(b) Resources held on behalf of the Principal, but recognised in the municipality's own Financial Statements:

The Resources regarding the Licensing Department, remain their own and do not form part of the municipality's Financial Statements.

(c) Revenue Recognised:

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R2 735 803 (2023: R2 728 397).

(d) Category of Revenue received or to be received on behalf of the Principal, are:

Categories	Additional Details
Licensing Fees	Income collected on behalf of DOT and Provincial Transport for Motor Vehicle Registration

(e) Category(ies) of Expenses paid or accrued on behalf of the Principal, are:

The municipality does not incur any expenses on behalf of the principal.

(h) Amount of Revenue received on behalf of the Principal during the Reporting Period:	2024 R	2023 R
Motor Vehicle Licence Fees & RTMC Transaction Fees	16 033 438	16 389 171
(i) Reconciliation of the Carrying Amount of Payables:		
Opening Balance	(15 674)	(78 304)
Revenue Received on behalf of the Principal	16 033 438	16 389 171
Amounts Transferred to the Principal	(16 004 934)	(16 326 541)
Closing Balance	<u>12 829</u>	<u>(15 674)</u>

60. EVENTS AFTER THE REPORTING DATE

Adjusting

60.1 In August 2024 Council approved the agreement of Loss received from SASRIA on the Main Administration Building and the Thusong Community Hall. A receivable was raised for the outstanding insurance claim. The amounts are vat inclusive.

	2024 R	2023 R
Thusong Community Hall	3 765 751	-
Main Administration Building	13 900 947	-
	<u>17 666 698</u>	<u>-</u>

60.2 A guarantee held with ABSA Bank for a land transfer was paid in June 2024, but the guarantee was only cancelled with effect on 8 August 2024. The amount of the guarantee has been removed from the disclosure in note 6.1 Guarantees Granted.

	2024 R	2023 R
ABSA Bank	<u>5 112 900</u>	<u>-</u>

61. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 48.).

62. GOING CONCERN ASSESSMENT

The COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant component of the institutions which operate therein.

Management of the municipality is however of the opinion that regardless of the possible effect of the COVID-19 pandemic, the municipality will continue to operate for the foreseeable future, which is usually regarded as at least the next 12 months from the reporting date, however not limited

Management also considered the following matters in relation to the Going Concern position of Swellendam Municipality:

(i) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(ii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iii) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

63. SEGMENT REPORTING

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has five primary reportable segments:

- **The segment for Municipal Governance and Administration Services:-**
 - This segment consists of services such as executive services, support services to the executive and finance & administration services.
- **The segment for Community and Public Safety Services:-**
 - This segment consists of all services for community & social development, public safety and sport & recreation.
- **The segment for Economic and Environmental Services:-**
 - This segment consists of environmental services such as planning & development, environmental protection and roads & storm water.
- **The segment for Trading Services:-**
 - This segment consists of the following infrastructure and consumer services delivered to the community.
- **The segment for Other Services:-**
 - This segment consists of minor services rendered in the municipal jurisdiction area, e.g tourism and other licensing services.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments. Assets and liabilities are not monitored and reported on.

Inter-business unit services are set off against each other as internal charges, and are therefore eliminated and not reported in Segment Reporting. The quality of services provided internally is monitored as part of the service performance information.

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

SWELLEDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

63.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2024

Description	Governance and Administration	Community and Public Safety	Economic and Environmental	Trading Services	Other	Total for Municipality
	R	R	R	R	R	R
REVENUE						
Revenue from Non-exchange Transactions						
Property Rates	56 640 567	-	-	-	-	56 640 567
Fines, Penalties and Forfeits	17 241	48 741 323	-	99 510	-	48 858 074
Transfers and Subsidies	30 327 710	16 770 151	5 585 703	49 878 480	-	102 562 044
Surcharges and Taxes	-	-	960 923	-	-	960 923
Service Charges	-	-	-	3 390 680	-	3 390 680
Interest, Dividends and Rent on Land Earned	403 829	-	-	-	-	403 829
Revenue from Exchange Transactions						
Licences and Permits	-	-	1 250 867	-	22 709	1 273 576
Transfers and Subsidies	-	5 258 674	-	-	-	5 258 674
Service Charges	-	44 525	-	177 478 545	-	177 523 070
Sales of Goods and Rendering of Services	593 367	1 136 172	1 515 237	50 944	-	3 295 720
Construction Contract Revenue	-	56 264 552	-	-	-	56 264 552
Income from Agency Services	-	2 735 803	-	-	-	2 735 803
Rental from Fixed Assets	300 039	450 993	-	-	-	751 033
Interest, Dividends and Rent on Land Earned	14 344 553	-	-	-	-	14 344 553
Operational Revenue	17 687 331	5 618	155 420	776 633	-	18 625 001
Gains on Disposal of Property, Plant and Equipment	281 081	-	-	-	-	281 081
Total Revenue	120 595 719	131 407 811	9 468 149	231 674 792	22 709	493 169 181
EXPENDITURE						
Employee Related Costs	35 246 999	33 848 064	16 226 727	33 542 548	-	118 864 337
Remuneration of Councillors	5 668 078	-	-	-	-	5 668 078
Depreciation and Amortisation	3 030 038	1 435 676	3 859 719	10 621 227	-	18 946 659
Impairment Losses	2 981 722	27 710 581	3 826 006	8 998 630	-	43 516 939
Interest, Dividends and Rent on Land	785 089	219 739	956 440	8 110 251	-	10 071 519
Bulk Purchases	-	-	-	98 123 267	-	98 123 267
Contracted Services	11 275 792	58 204 616	12 494 586	8 047 437	-	90 022 432
Inventory Consumed	1 339 945	1 069 575	909 035	13 534 177	-	16 852 732
Transfers and Subsidies Paid	252 117	-	300 000	-	550 000	1 102 117
Operating Leases	427 832	5 258	-	309 619	-	742 709
Operational Costs	23 443 720	1 209 374	1 097 172	2 349 787	15 000	28 115 053
Statutory Payments other than Taxes	-	-	-	50 150	-	50 150
Loss on Disposal of Property, Plant and Equipment	2 676 709	-	-	-	-	2 676 709
Total Expenditure	87 128 041	123 702 883	39 669 685	183 687 091	565 000	434 752 700
Other Operations:						
Gains on Other Operations	1 051 442	-	-	-	-	1 051 442
Losses on Other Operations	383	-	-	-	-	383
Surplus/(Deficit) for the Year	34 519 503	7 704 928	(30 201 536)	47 987 701	(542 291)	59 468 306
Capital Expenditure	3 265 171	1 148 284	3 564 605	44 326 244	-	52 304 305

SWELLENDAM MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Year Ended 30 June 2023

Description	Governance and Administration	Community and Public Safety	Economic and Environmental	Trading Services	Other	Total for Municipality
	R	R	R	R	R	R
REVENUE						
Revenue from Non-exchange Transactions						
Property Rates	50 115 614	-	-	-	-	50 115 614
Fines, Penalties and Forfeits	112 163	42 126 269	-	275 369	-	42 513 801
Transfers and Subsidies	22 295 980	32 983 847	7 270 639	33 156 053	-	95 706 519
Surcharges and Taxes	-	-	954 688	-	-	954 688
Service Charges	-	-	-	3 313 585	-	3 313 585
Interest, Dividends and Rent on Land Earned	325 152	-	-	-	-	325 152
Revenue from Exchange Transactions						
Licences and Permits	43 472	1 256 419	-	-	-	1 299 891
Transfers and Subsidies	5 882 092	-	-	-	-	5 882 092
Service Charges	-	31 174	-	152 974 976	-	153 006 150
Sales of Goods and Rendering of Services	656 380	897 335	1 293 638	52 753	-	2 900 106
Construction Contract Revenue	-	2 299 981	-	-	-	2 299 981
Income from Agency Services	19 597	2 708 800	-	-	-	2 728 397
Rental from Fixed Assets	-	992 735	-	-	-	992 735
Interest, Dividends and Rent on Land Earned	7 793 893	-	-	1 744 101	-	9 537 994
Operational Revenue	3 748 284	37 550	2 385 539	1 162 154	-	7 333 527
Gains on Disposal of Property, Plant and Equipment	333 897	-	-	-	-	333 897
Total Revenue	91 326 524	83 334 110	11 904 503	192 678 991	-	379 244 128
EXPENDITURE						
Employee Related Costs	44 798 992	26 827 637	14 687 123	22 170 169	-	108 483 920
Remuneration of Councillors	5 607 289	-	-	-	-	5 607 289
Depreciation and Amortisation	1 550 603	1 105 956	3 312 217	8 655 499	-	14 624 275
Impairment Losses	(1 725 921)	34 826 960	-	3 857 439	-	36 958 478
Interest, Dividends and Rent on Land	854 190	61 555	753 810	7 443 090	-	9 112 644
Bulk Purchases	-	-	-	79 694 101	-	79 694 101
Contracted Services	10 548 833	3 976 330	8 529 292	6 303 295	-	29 357 750
Inventory Consumed	1 853 000	1 168 700	884 307	12 478 775	-	16 384 782
Transfers and Subsidies Paid	230 350	-	200 000	-	100 000	530 350
Operating Leases	329 120	2 955	3 511	-	-	335 586
Operational Costs	19 928 294	1 030 012	880 573	3 311 750	394 398	25 545 027
Statutory Payments other than Taxes	-	-	-	15 887	-	15 887
Loss on Disposal of Property, Plant and Equipment	1 051 528	-	-	-	-	1 051 528
Total Expenditure	85 026 278	69 000 104	29 250 833	143 930 004	494 398	327 701 617
Other Operations:						
Gains on Other Operations	5 080 416	-	-	-	-	5 080 416
Losses on Other Operations	-	-	-	-	-	-
Surplus/(Deficit) for the Year	11 380 662	14 334 006	(17 346 330)	48 748 987	(494 398)	56 622 927
Capital Expenditure	2 276 980	2 791 589	27 031 889	32 683 539	71 240	64 855 237