

PRINCE ALBERT MUNICIPALITY



AUDITED

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023



**AUDITOR - GENERAL
SOUTH AFRICA**

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AA

30 November 2023

PRINCE ALBERT LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Prince Albert Municipality includes the following areas:

*Prince Albert
Klaarstroom
Leeu Gamka*

EXECUTIVE MAYOR

Ms L Jaquet

DEPUTY MAYOR

Vacant

SPEAKER

Ms MD Jaftha

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor
Speaker

*Ms L Jaquet
Ms MD Jaftha*

MUNICIPAL MANAGER

Mr Al Hendricks

CHIEF FINANCIAL OFFICER

PW Erasmus

REGISTERED OFFICE

*23 Church Street
Prince Albert
6730*

**Private Bag X53
PRINCE ALBERT
6730**

AUDITORS

Office of the Auditor-General (Western Cape)



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PRINCE ALBERT LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

GENERAL INFORMATION

PRINCIPLE BANKERS

ABSA Bank, Prince Albert

ATTORNEYS

No appointed attorneys

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
South African Local Bargaining Council Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

COUNCILORS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

WARD

1
2
3
4
Proportional
Proportional
Proportional

COUNCILLOR

Ms E Maans
Ms L Jaquet
Mr SD Koonthea
Ms MD Jaftha
Mr. N A Classen
A Mackay
K Baaidjies



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PRINCE ALBERT LOCAL MUNICIPALITY

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PRINCE ALBERT LOCAL MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2023, which are set out on pages 3 to 129 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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

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

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

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

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



Mr Al Hendricks
Municipal Manager

30 November 2023

Date

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R	2022 R
ASSETS			
Non-Current Assets		195,337,113	191,541,785
Property, Plant and Equipment	2	180,097,009	176,164,538
Investment Property	3	13,521,304	13,605,195
Intangible Assets	4	473,801	527,052
Heritage Assets	5	1,245,000	1,245,000
Current Assets		61,832,135	54,156,456
Inventory	7	718,995	546,554
Receivables from Exchange Transactions	8	7,401,963	6,148,662
Receivables from Non-exchange Transactions	9	996,696	495,317
Unpaid Transfers and Subsidies	21	180,000	953,002
Operating Lease Asset	6	139,058	151,906
Cash and Cash Equivalents	10	464,546	1,504,385
Short-term Investments	10.2	51,930,877	44,356,630
Total Assets		257,169,248	245,698,241
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		30,994,934	27,836,386
Long-term Borrowings	11	-	43,042
Non-current Provisions	12	25,166,324	21,862,045
Non-current Employee Benefits	13	5,828,610	5,931,300
Current Liabilities		20,323,129	12,631,371
Consumer Deposits	14	657,575	648,030
Current Employee Benefits	15	2,740,306	2,484,539
Trade and Other Payables from Exchange Transactions	16	5,523,649	5,143,606
Unspent Transfers and Subsidies	17	10,300,901	2,916,310
VAT payable	18	1,057,656	1,340,552
Current Portion of Long-term Borrowings	11	43,042	98,333
Total Liabilities		51,318,062	40,467,757
Net Assets		205,851,186	205,230,484
Capital Replacement Reserve	19	10,500,000	10,500,000
Accumulated Surplus		195,351,186	194,730,484
Total Net Assets and Liabilities		257,169,248	245,698,241



PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 R
REVENUE			
Revenue from Non-exchange Transactions		59,662,015	59,287,910
Taxation Revenue		5,073,221	4,380,380
Property Rates	20	5,073,221	4,380,380
Transfer Revenue		44,121,159	46,078,708
Government Grants and Subsidies - Operating	21	32,853,220	30,740,896
Government Grants and Subsidies - Capital	21	6,831,346	12,746,124
Service in kind	22	4,436,593	2,417,849
Contributed Property, Plant and Equipment	24	-	173,839
Other Revenue		10,467,635	8,828,822
Actuarial Gains	13	706,531	1,717,585
Fines, Penalties and Forfeits		9,575,080	6,909,263
Interest Eamed - Non-exchange Transactions		186,024	201,975
Revenue from Exchange Transactions		38,626,608	36,185,073
Service Charges	24	31,768,365	30,552,368
Sales of Goods and Rendering of Services	25	509,346	435,593
Rent on Land	26	240,411	201,400
Rental from Fixed Assets	27	439,222	389,499
Interest Eamed - External Investments	28	4,071,462	2,346,796
Interest Eamed - Exchange Transactions	29	1,130,959	1,730,930
Licences and Permits	23	89,154	137,351
Agency Services		293,874	285,790
Operational Revenue	30	83,816	105,346
Total Revenue		98,288,623	95,472,983
EXPENDITURE			
Employee related costs	31	30,316,560	25,313,205
Remuneration of Councillors	32	3,018,319	3,225,563
Bad Debts Written Off		18,210,309	1,046,392
Contracted Services	33	7,182,995	6,214,550
Depreciation and Amortisation	34	7,093,682	5,391,788
Actuarial Losses	13	-	171,404
Finance Costs	35	2,098,753	1,940,350
Bulk Purchases	36	16,197,184	15,796,235
Inventory Consumed	7	428,076	572,468
Transfers and Subsidies	37	704,305	621,046
Operational Costs	38	14,069,163	11,698,346
(Reversal of Impairment Loss)/Impairment Loss on Receivables	39	(3,638,300)	9,925,224
Total Expenditure		95,681,046	81,916,571
Operating Surplus/(Deficit) for the Year		2,607,576	13,556,412
Gains/(Loss) on Sale of Fixed Assets	40	-	(448,740)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	41	(1,986,875)	486,727
NET SURPLUS/(DEFICIT) FOR THE YEAR		620,702	13,594,399



PRINCE ALBERT LOCAL MUNICIPALITY

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

	Capital Replacement Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2021	10,500,000	180,767,176	191,267,176
Correction of Error note 43	-	368,909	368,909
Restated balance	10,500,000	181,136,085	191,636,085
Net Surplus/(Deficit) for the year	-	13,594,399	13,594,399
Net Surplus/(Deficit) previously reported	-	13,570,470	13,570,470
Effects of Correction of Errors - note 43	-	23,930	23,930
Transfer to/from CRR	-	-	-
Balance at 30 June 2022	10,500,000	194,730,484	205,230,484
Restated balance	10,500,000	194,730,484	205,230,484
Net Surplus/(Deficit) for the year	-	620,702	620,702
Balance at 30 June 2023	10,500,000	195,351,186	205,851,186



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PRINCE ALBERT LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		4,913,683	4,185,018
Service Charges		25,881,508	25,650,699
Other Revenue		2,280,343	1,615,668
Government - Operating		34,627,386	30,931,326
Government - Capital		14,522,003	10,360,850
Interest		4,071,462	2,346,796
Dividends		-	-
Cash payments			
Suppliers of goods and services		(34,815,077)	(39,117,535)
Employee related costs		(32,475,270)	(28,059,288)
Finance Charges		(5,508)	(13,408)
Transfers and Grants		(704,305)	(621,046)
Net Cash from Operating Activities	44	18,296,226	7,279,080
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(11,625,734)	(12,853,038)
Purchase of Intangible Assets		(37,752)	(410,241)
Net Cash from Investing Activities		(11,663,486)	(13,263,279)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowing		(98,333)	(91,704)
Net Cash from Financing Activities		(98,333)	(91,704)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,534,407	(6,075,903)
Cash and Cash Equivalents at the beginning of the year		45,861,016	51,936,919
Cash and Cash Equivalents at the end of the year	45 & 46	52,395,423	45,861,016
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,534,407	(6,075,903)

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

National Treasury Budget Schedules Classification Format	GRAP Annual Financial Statements Classification Format	Notes	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2022/23	Variance between Final Budget and Actual	Actual Outcome as % of Original Budget	Actual Outcome as % of Final Budget	Explanations for material variances more than 10%
			R	R	R	R	R	R	%	%	
ASSETS											
Current Assets											
Cash			62,309,738	(16,892,381)	45,417,357	45,417,357	52,395,423	6,978,066	84.09%	115.36%	Grants from National Government that were budgeted for to be spent at year-end were not completely spent, resulting in cash surplus not budgeted for.
	Cash and cash equivalents						464,546				
	Add: Short-term Investments						51,930,877				
Call investment deposits			(40,000)								
Consumer Debtors			(10,823,876)	29,158,385	18,334,509	18,334,509	8,075,884	(10,258,625)	-74.61%	44.05%	Council decided to relief account holders after the pandemic and wrote off amounts older than 3 years as well as indigents. This was not budgeted for correctly.
	Receivables from Exchange Transactions						7,401,963				
	Add: Receivables from Non-exchange Transactions: Rates						673,921				
Other Debtors			(3,907,558)	(7,228,613)	(11,136,171)	(11,136,171)	641,832	11,778,003	-16.43%	-5.76%	The bad debts written off was not correctly budgeted for in the statement of financial position.
	Receivables from Non-exchange Transactions						996,696				
	Less: Receivables from Non-exchange Transactions: Rates						(673,921)				
	Add: Unpaid Transfers and Subsidies						180,000				
	Operating Lease Asset						139,058				
Inventory	Inventory		483,207	741,306	1,224,513	1,224,513	718,995	(505,518)	148.80%	58.72%	Less Inventory were at hand at the end of the financial year than what was budgeted for.
Total Current Assets		49.2.1	48,021,511	5,778,697	53,840,208	53,840,208	61,832,135	7,991,927	128.76%	114.84%	
Non-Current Assets											
Investment Property	Investment Property		13,598,585	(85)	13,598,500	13,598,500	13,521,304	(77,196)	99.43%	99.43%	Difference is trivial
Property, Plant and Equipment	Property, Plant and Equipment		194,154,178	(1,299,578)	192,854,600	192,854,600	180,097,009	(12,757,591)	92.76%	93.38%	Additions for PPE were not correctly budgeted for based on the fact that the prior and current year additions were not taken into account.
Intangible Assets	Intangible Assets		94,289	(3,418)	90,871	90,871	473,801	382,930	502.50%	521.40%	Intangible assets are budgeted for together with computer equipment and are only split at finalising the Asset registers.
Other non-current assets	Heritage Assets		1,233,643	11,357	1,245,000	1,245,000	1,245,000	(0)	100.92%	100.00%	
Total Non-Current Assets		49.2.2	209,080,695	(1,291,724)	207,788,971	207,788,971	195,337,113	(12,451,858)	93.43%	94.01%	
TOTAL ASSETS			257,102,206	4,486,973	261,629,179	261,629,179	257,169,248	(4,459,931)	100.03%	98.30%	
LIABILITIES											
Current Liabilities											
Current Portion of Long-term Borrowings	Current Portion of Long-term Borrowings		91,704	6,629	98,333	98,333	43,042	(55,291)	46.94%	43.77%	
Consumer Deposits	Consumer Deposits		589,194	58,835	648,029	648,029	657,575	9,546	111.61%	101.47%	
Trade and Other Payables			11,958,254	(1,615,394)	10,342,860	10,342,860	16,882,206	6,539,346	141.18%	163.23%	Grants from National Government that were budgeted for to be spent at year-end were not completely spent, resulting in cash surplus not budgeted for.
	Trade and Other Payables from Exchange Transactions						5,523,649				
	Add: Unspent Transfers and Subsidies						10,300,901				
	Transfers and Subsidies Payable						-				
	Taxes						1,057,656				
Provisions			24,668,114	(284,233)	24,383,881	24,383,881	2,740,306	(21,643,575)	11.11%	11.24%	The current and non current portion of provisions were not correctly budgeted for. A more defined split between the two will be better budgeted for in the new financial year.
	Provisions						-				
	Current Employee Benefits						2,740,306				
Total Current Liabilities		49.2.3	37,307,266	(1,834,163)	35,473,103	35,473,103	20,323,129	(15,149,974)	54.47%	57.29%	
Non-Current Liabilities											
Borrowing	Long-term Borrowings		141,374	(98,333)	43,041	43,041	-	(43,041)	0.00%	0.00%	
Provisions			7,148,302	(1,673,003)	5,475,299	5,475,299	30,994,934	25,519,635	433.60%	566.09%	The current and non current portion of provisions were not correctly budgeted for. A more defined split between the two will be better budgeted for in the new financial year.
	Non-current Provisions						25,166,324				
	Non-current Employee Benefits						5,828,610				
Total Non-Current Liabilities		49.2.4	7,289,676	(1,771,336)	5,518,340	5,518,340	30,994,934	25,476,594	425.19%	561.67%	
TOTAL LIABILITIES			44,596,942	(3,605,499)	40,991,443	40,991,443	51,318,062	10,326,619	115.07%	125.19%	
NET ASSETS											
Accumulated Surplus/(Deficit)	Accumulated Surplus/(Deficit)		212,505,264	8,092,472	220,637,736	220,637,736	205,851,186	(14,786,550)			
Reserves	Capital Replacement Reserve		216,117,422	10,806,408	226,923,830	226,923,830	195,351,186	(31,572,644)	90.39%	86.09%	Accumulated surplus not correctly budgeted for and will be better budgeted for in the new financial year.
			10,500,000	(0)	10,500,000	10,500,000	10,500,000	0	100.00%	100.00%	
TOTAL NET ASSETS		49.2.5	226,617,422	10,806,408	237,423,830	237,423,830	205,851,186	(31,572,644)	90.84%	86.70%	

The MBRR requires a comparison to be disclosed between the budgeted and actual figures of the municipality. There are however differences in classification of items due to the disclosure requirement of National treasury not being in complete alignment with GRAP. Hence the need to show a reconciliation of the different classifications above.

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

National Treasury Budget Schedules Classification Format	GRAP Annual Financial Statements Classification Format	Notes	Original Budget	Budget Adjustments (I.O. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (I.O. Council approved by-law)	Final Budget	Actual Outcome 2022/23	Variance between Final Budget and Actual	Actual Outcome as % of Original Budget	Actual Outcome as % of Final Budget	Explanations for material variances more than 10% of a specific line item
			R	R	R	R	R	R	R	%	%	
REVENUE												
Property Rates	Property Rates		4,969,365	2,155,423	7,124,788	0	7,124,788	5,073,221	(2,051,567)	102.09%	71.21%	The subsidy for indigent relief on property taxes were incorrectly adjusted for in the adjustment budget. Council were aware of this, but were unable to revise the budget before the 30 June 2023.
Service Charges			33,450,721	13,215,256	46,665,977	-	46,665,977	31,768,365	(14,897,612)	94.97%	68.08%	
Service Charges - Electricity Revenue			20,686,640	-	20,686,640	-	20,686,640	18,441,881	(2,244,759)	89.15%	89.15%	Electricity sales reduced significantly from the original budget due to load shedding and solar solutions. The said have been taken into account for the new financial year.
Service Charges - Water Revenue			5,951,334	11,095,515	17,046,849	-	17,046,849	4,787,099	(12,259,750)	80.44%	28.08%	Water revenue reduced significantly due to water shortages in the months of November to January in this financial year. The drop in sales were taken into account for the new financial year's budget.
Service Charges - Sanitation Revenue			4,636,208	1,543,200	6,179,408	-	6,179,408	5,898,145	(281,263)	127.22%	95.45%	The subsidy for indigents were incorrectly budgeted for and have been corrected in the new financial year.
Service Charges - Refuse Revenue			2,176,539	576,541	2,753,080	-	2,753,080	2,641,240	(111,840)	121.35%	95.94%	The subsidy for indigents were incorrectly budgeted for and have been corrected in the new financial year.
Rental of Facilities and Equipment			340,358	(0)	340,358	210,687	551,045	679,633	128,588	199.68%	123.34%	Additional rentals recognised, but not budgeted for.
Rent on land	Rent on Land							240,411				
Rental from Fixed Assets	Rental from Fixed Assets							439,222				
Interest Earned - External Investments	Interest Earned - External Investments		2,375,792	1,271,619	3,647,411	-	3,647,411	4,071,462	424,051	171.37%	111.63%	Increase in interest revenue are due to the interest rates hikes not planned nor budgeted for.
Interest Earned - Outstanding Debts	Interest Earned - Outstanding Debts		2,011,474	-	2,011,474	-	2,011,474	1,316,983	(694,491)	65.47%	65.47%	Council decided to write off old debt which lead to decrease interest charges on the outstanding accounts.
Interest Earned - Exchange Transactions	Interest Earned - Exchange Transactions							1,130,959				
Interest Earned - Non-exchange Transactions	Interest Earned - Non-exchange Transactions							186,024				
Fines, penalties and forfeits	Fines, Penalties and Forfeits		1,107,062	(1,819)	1,105,243	-	1,105,243	9,575,080	8,469,837	864.91%	866.33%	I-Grp 1 fines not correctly budgeted for, but will be corrected in the new financial year.
Licences and Permits	Licences and Permits		153,487	-	153,487	-	153,487	89,154	(64,333)	58.09%	58.09%	Licences revenue not correctly budgeted for.
Agency Services	Agency Services		120,000	180,000	300,000	-	300,000	293,874	(6,126)	244.89%	97.96%	Trivial.
Transfers Recognised - Operational	Government Grants and Subsidies - Operating		34,259,982	2,231,529	36,491,511	0	36,491,511	32,853,220	(3,638,291)	95.89%	90.03%	Grants from National Government that were budgeted for to be spent at year-end were not completely spent, resulting in cash surpluses not budgeted for.
Service in kind			-	-	-	-	-	4,436,593	4,436,593	#DIV/0!	#DIV/0!	Service in kind not budgeted for as it is extremely difficult to do so in May of every year before the new financial year started.
Other Revenue			831,539	95,454	926,993	(210,687)	716,306	593,162	(123,144)	71.33%	82.81%	Other revenue not correctly budgeted for.
Sales of Goods and Rendering of Services	Sales of Goods and Rendering of Services							509,346				
Operational Revenue	Operational Revenue							83,816				
Gains			-	-	-	618,702	618,702	706,531	87,829	#DIV/0!	114.20%	Gains not budgeted for as it is extremely difficult to do so in May of every year before the new financial year started.
Actuarial Gains	Actuarial Gains							706,531				
Gains/(Loss) on Sale of Fixed Assets	Gains/(Loss) on Sale of Fixed Assets											
Total Revenue (excluding capital transfers and contributions)		49.2.6	79,619,780	19,147,462	98,767,242	618,702	99,385,944	91,457,277	(12,365,260)	114.87%	92.02%	
EXPENDITURE												
Employee Related Costs	Employee related costs		28,537,546	1,045,456	29,583,002	751,515	30,334,517	30,316,560	(17,957)	106.23%	99.94%	Difference is trivial. Provisions for bonuses and leave are not easily budgeted for before the start of a financial year.
Remuneration of Councillors	Remuneration of Councillors		3,456,008	-	3,456,008	(228,272)	3,227,736	3,018,319	(209,417)	87.34%	93.51%	The passing of a beloved councillor lead to the underspending of remuneration of councillors.
Debt Impairment			4,160,357	15,978,115	20,138,472	(0)	20,138,472	14,572,009	(5,566,463)	350.26%	72.36%	Debt impairment not correctly budgeted for. Less impairment occurred than what was budgeted for.
Bad Debts Written Off	Bad Debts Written Off							18,210,309				
Reversal of Impairment Loss/(Impairment Loss) on Receivables	Reversal of Impairment Loss/(Impairment Loss) on Receivables							(3,638,300)				
Depreciation and Asset Impairment			5,473,845	0	5,473,845	(0)	5,473,845	9,080,557	3,606,712	165.89%	165.89%	Depreciation not correctly budgeted for. PPE unbundled in the current financial year that were still in WIP in the previous financial year that gave rise to Depreciation not budgeted for.
Depreciation and Amortisation	Depreciation and Amortisation							7,093,682				
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							1,986,875				
Finance Charges	Finance Costs		448,500	0	448,500	40,000	488,500	2,098,753	1,610,253	467.95%	429.63%	Increase in finance charges for the provision for landfill sites are not easily budgeted for. A significant increase in interest rates were not foreseen in May 2022 when the budgeted were approved by council.
Bulk Purchases	Bulk Purchases		18,403,619	(1,403,619)	17,000,000	-	17,000,000	16,197,184	(802,816)	88.01%	95.28%	Less purchases due to an increase in loadshedding as well as solar solutions installed by residents. The said have been taken into account for the new financial year's budget.
Inventory consumed	Inventory Consumed		539,000	(40,000)	499,000	(2,189)	496,811	428,076	(68,735)	79.42%	86.16%	Difference is not material, but less inventory were consumed than what was budgeted for.
Contracted Services	Contracted Services		6,848,200	509,918	7,358,118	(89,463)	7,268,655	7,182,995	(85,660)	104.89%	98.82%	Less contracted services used than what was originally budgeted for.
Transfers and Grants	Transfers and Subsidies		490,000	-	490,000	-	490,000	704,305	214,305	143.74%	143.74%	Transfers and grants were not correctly budgeted for, but have been adjusted for in the new financial year.
Other Expenditure	Operational Costs		11,260,747	1,882,169	13,142,916	47,111	13,190,027	14,069,163	879,136	124.94%	106.67%	Other expenditure were not correctly budgeted for, but have been adjusted for in the new financial year.
Losses						100,000	100,000	-	(100,000)	#DIV/0!	0.00%	
Actual Losses	Actual Losses											
Gains/(Loss) on Sale of Fixed Assets	Gains/(Loss) on Sale of Fixed Assets											
Total Expenditure		49.2.7	79,617,822	17,972,039	97,589,861	618,702	98,208,563	97,667,921	(540,642)	122.67%	99.45%	
Surplus/(Deficit)			1,958	1,175,423	1,177,381	0	1,177,381	(6,210,644)	(7,388,025)	-317193.27%	-527.50%	
Transfers Recognised - Capital			14,110,200	1,498,513	15,608,713	0	15,608,713	6,831,346	(8,777,367)	48.41%	43.77%	Grants from National Government that were budgeted for to be spent at year-end were not completely spent, resulting in cash surpluses not budgeted for.
Surplus/(Deficit) after Capital Transfers & Contributions			14,112,158	2,673,936	16,786,094	0	16,786,094	620,702	(16,165,392)	4.40%	3.70%	
Surplus/(Deficit) after Taxation			14,112,158	2,673,936	16,786,094	0	16,786,094	620,702	(16,165,392)	4.40%	3.70%	
Surplus/(Deficit) Attributable to Municipality			14,112,158	2,673,936	16,786,094	0	16,786,094	620,702	(16,165,392)	4.40%	3.70%	
Surplus/(Deficit) for the year			14,112,158	2,673,936	16,786,094	0	16,786,094	620,702	(16,165,392)	4.40%	3.70%	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

National Treasury Budget Schedules Classification Format	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2021/22	Actual Outcome as % of Final Budget	Explanations for material variances more than 10% of a specific line item
		R	R	R	R	R	%	
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Taxation		5,798,224	(802,568)	4,995,656	4,995,656	4,913,683	-1.64%	Not correctly budgeted for.
Service Charges		39,417,343	(9,190,556)	30,226,787	30,226,787	25,881,508	-14.38%	Service charges were budgeted for with an increase of the Leeu-Gamka water charges that were impaired by Council. The additional water revenue were R7m, but related to the prior year so had no effect in the current financial year.
Other Revenue		2,552,446	(716,365)	1,836,081	1,836,081	2,280,343	24.20%	Additional revenue relates to contributed PPE as well as NT's contribution to the audit fees that was not budgeted for.
Government - Operating		32,059,982	2,730,042	34,790,024	34,790,024	34,627,386	-0.47%	No explanation needed.
Government - Capital		14,110,200	1,000,000	15,110,200	15,110,200	14,522,003	-3.89%	RSEP Project that could not have been finished in time.
Interest		2,375,792	1,271,619	3,647,411	3,647,411	4,071,462	11.63%	Interest rates increased more than what was budgeted for. Council also had more short term investments on hand at year end as what was budgeted for.
Payments								
Suppliers and Employees		(68,728,920)	(2,304,626)	(71,033,546)	(71,033,546)	(67,290,347)	-5.27%	Provisions for bonuses and leave are not easily budgeted for before the start of a financial year which lead to a decrease in expenditure.
Finance costs		-	-	-	-	(5,508)	#DIV/0!	No explanation needed.
Transfers and Grants		-	-	-	-	(704,305)	#DIV/0!	Classifications corrected during the completion of the AFS.
Net Cash from/(used) Operating Activities	49.2.8	27,585,067	(8,012,454)	19,572,613	19,572,613	18,296,226	-6.52%	
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE		-	-	-	-	-	100.00%	
Payments								
Capital Assets		(16,341,547)	(5,615,653)	(21,957,200)	(21,957,200)	(11,663,486)	-46.88%	Not all CRR projects were completed in time therefore the capital budget was not spent in total.
Net Cash from/(used) Investing Activities	49.2.9	(16,341,547)	(5,615,653)	(21,957,200)	(21,957,200)	(11,663,486)	-46.88%	
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Increase/(Decrease) in Consumer Deposits		-	-	-	-	-	0.00%	
Payments								
Repayment of Borrowing		-	-	-	-	(98,333)	100.00%	Not correctly budgeted for.
Net Cash from/(used) Financing Activities	49.2.10	-	-	-	-	(98,333)	0.00%	
NET INCREASE/(DECREASE) IN CASH HELD								
Cash and Cash Equivalents at the year begin:		11,243,520	(13,628,107)	(2,384,587)	(2,384,587)	6,534,407	-374.03%	
Cash and Cash Equivalents at the year end:		47,860,444	(1,999,432)	45,861,012	45,861,012	45,861,016	0.00%	
		59,103,964	(15,627,539)	43,476,425	43,476,425	52,395,422	20.51%	



PRINCE ALBERT LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Council General Expenses	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Director Finance	2.1 - Financial Services	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Property Rates	Aggregated	Governance and Administration	Supporting service departments
Vote 3 - Director Corporate	3.1 - IDP	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Strategic Services	Aggregated	Governance and Administration	Supporting service departments
Vote 4 - Director Community	3.3 - Corporate Services	Aggregated	Governance and Administration	Supporting service departments
	4.1 - Cemeteries	Aggregated	Community and Public Safety	Supporting service departments
	4.2 - Library	Aggregated	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
	4.3 - Disaster Management	Aggregated	Community and Public Safety	
	4.4 - Community Halls	Aggregated	Community and Public Safety	
	4.5 - Traffic Control	Aggregated	Community and Public Safety	
	4.6 - Housing	Aggregated	Community and Public Safety	
	4.7 - Sport and Recreation	Aggregated	Community and Public Safety	
4.8 - Tourism	Aggregated	Community and Public Safety		
Vote 5 - Director Technical Services	5.1 - Electricity Services	Aggregated	Technical Services	
	5.2 - Water Services	Aggregated	Technical Services	
	5.3 - Sewerage	Aggregated	Technical Services	
	5.4 - Refuse	Aggregated	Technical Services	
	5.5 - Public Works	Aggregated	Technical Services	

SECONDARY SEGMENTS

Miscoa Functional Segments Identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Sport and recreation	Aggregated	Community and public safety	recreation centers
	Public safety	Aggregated	Governance and Administration	Traffic and Fire Services
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Building plans
	Road transport	Aggregated	Governance and Administration	Maintenance of roads
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management	Individually Reported	Waste management service	Waste management service
• Other	Tourism	Aggregated	Governance and Administration	Tourism

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.



PRINCE ALBERT LOCAL MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Executive and Council	Director Finance	Director Corporate	Director Community	Director Technical Services	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	7,178	4,196,612	779,918	743,576	32,899,324	38,626,608
Service Charges - Electricity Revenue	-	-	-	-	18,441,881	18,441,881
Service Charges - Water Revenue	-	-	-	-	4,787,099	4,787,099
Service Charges - Sanitation Revenue	-	-	-	-	5,898,145	5,898,145
Service Charges - Refuse Revenue	-	-	-	-	2,641,240	2,641,240
Rental of Facilities and Equipment	-	-	361,434	318,198	-	679,633
Interest Eamed - External Investments	-	4,071,462	-	-	-	4,071,462
Interest Eamed - Outstanding Debtors	-	-	-	-	1,130,959	1,130,959
Licences and Permits	-	-	-	89,154	-	89,154
Agency Services	-	-	-	293,874	-	293,874
Other Revenue	7,178	125,151	418,484	42,350	-	593,162
External revenue from non-exchange transactions	27,290,196	9,985,693	1,096,226	11,921,330	2,537,224	52,830,669
Property Rates	-	5,073,221	-	-	-	5,073,221
Fines	-	-	-	9,575,080	-	9,575,080
Interest Eamed - Outstanding Debtors	-	186,024	-	-	-	186,024
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Transfers Recognised - Operational	27,290,196	1,650,000	56,000	2,346,250	1,510,774	32,853,220
Transfers Recognised - Operational (Allocations-in-Kind)	-	2,369,917	1,040,226	-	1,026,450	4,436,593
Gains	-	706,531	-	-	-	706,531
Total Segment Revenue (excluding capital transfers and contributions)	27,297,374	14,182,305	1,876,144	12,664,906	35,436,548	91,457,277
SEGMENT EXPENDITURE						
Employee Related Costs	1,818,579	6,425,908	6,085,462	4,849,275	11,137,337	30,316,560
Remuneration of Councillors	3,018,319	-	-	-	-	3,018,319
Debt Impairment	-	502,272	-	8,777,574	5,292,163	14,572,009
Depreciation and Asset Impairment	54,437	362,739	53,525	647,692	7,962,164	9,080,557
Finance Charges	-	1,271	2,815	923	2,093,744	2,098,753
Bulk Purchases	-	-	-	-	16,197,184	16,197,184
Other Materials	-	39,903	-	44,805	343,368	428,076
Contracted Services	1,129,558	1,289,277	164,837	333,988	4,265,335	7,182,995
Transfers and Grants	434,305	-	-	270,000	-	704,305
Other Expenditure	809,167	6,696,632	2,047,531	546,047	3,969,785	14,069,163
Losses	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-
Total Segment Expenditure	7,264,364	15,318,002	8,354,170	15,470,305	51,261,080	97,667,921
Surplus/(Deficit)	20,033,010	(1,135,697)	(6,478,026)	(2,805,399)	(15,824,532)	(6,210,644)
Transfers Recognised - Capital	1,000,000	-	-	-	5,831,346	6,831,346
Surplus/(Deficit) after Capital Transfers & Contributions	21,033,010	(1,135,697)	(6,478,026)	(2,805,399)	(9,993,186)	620,702
Surplus/(Deficit) after Taxation	21,033,010	(1,135,697)	(6,478,026)	(2,805,399)	(9,993,186)	620,702
Surplus/(Deficit) Attributable to Municipality	21,033,010	(1,135,697)	(6,478,026)	(2,805,399)	(9,993,186)	620,702
Surplus/(Deficit) for the year	21,033,010	(1,135,697)	(6,478,026)	(2,805,399)	(9,993,186)	620,702



PRINCE ALBERT LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Governance and Administration	Community and Public Safety	Economic and Environmental Services	Trading Services				Other	Total
				Energy Sources	Water Management	Waste water management	Waste management		
	R	R	R	R	R	R	R	R	
SEGMENT REVENUE									
External revenue from exchange transactions	4,983,708	743,576	-	18,581,066	5,238,376	6,233,822	2,846,060	-	38,626,608
Service Charges - Electricity Revenue	-	-	-	18,441,881	-	-	-	-	18,441,881
Service Charges - Water Revenue	-	-	-	-	4,787,099	-	-	-	4,787,099
Service Charges - Sanitation Revenue	-	-	-	-	-	5,898,145	-	-	5,898,145
Service Charges - Refuse Revenue	-	-	-	-	-	-	2,641,240	-	2,641,240
Rental of Facilities and Equipment	361,434	318,198	-	-	-	-	-	-	679,633
Interest Eamed - External Investments	4,071,462	-	-	-	-	-	-	-	4,071,462
Interest Eamed - Outstanding Debtors	-	-	-	139,185	451,277	335,677	204,820	-	1,130,959
Licences and Permits	-	89,154	-	-	-	-	-	-	89,154
Other Revenue	550,812	42,350	-	-	-	-	-	-	593,162
External revenue from non-exchange transactions	38,316,115	11,921,330	1,566,774	-	1,026,450	-	-	-	52,830,669
Property Rates	5,073,221	-	-	-	-	-	-	-	5,073,221
Fines	-	9,575,080	-	-	-	-	-	-	9,575,080
Transfers Recognised - Operational	28,940,196	2,346,250	1,566,774	-	-	-	-	-	32,853,220
Transfers Recognised - Operational (Allocations-in-Kind)	3,410,143	-	-	-	1,026,450	-	-	-	4,436,593
Gains	706,531	-	-	-	-	-	-	-	706,531
Total Segment Revenue (excluding capital transfers and contributions)	43,299,823	12,664,906	1,566,774	18,581,066	6,264,826	6,233,822	2,846,060	-	91,457,277
SEGMENT EXPENDITURE									
Employee Related Costs	13,910,482	4,849,275	7,485,780	448,724	1,653,313	1,075,046	893,940	-	30,316,560
Remuneration of Councillors	3,018,319	-	-	-	-	-	-	-	3,018,319
Debt Impairment	502,272	8,777,574	-	424,539	1,058,713	1,419,468	2,389,443	-	14,572,009
Depreciation and Asset Impairment	2,485,757	647,692	1,747,825	340,221	1,327,710	1,525,636	1,005,717	-	9,080,557
Finance Charges	4,086	923	1,769	-	-	-	2,091,974	-	2,098,753
Bulk Purchases	-	-	-	16,197,184	-	-	-	-	16,197,184
Other Materials	39,903	44,805	-	64,840	91,901	10,812	175,815	-	428,076
Contracted Services	2,583,673	333,988	1,757,948	624,187	1,305,360	136,387	441,452	-	7,182,995
Transfers and Grants	434,305	-	-	-	-	-	-	270,000	704,305
Other Expenditure	9,483,701	546,047	1,813,070	695,897	776,590	520,499	233,361	-	14,069,163
Losses	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	32,462,496	15,200,305	12,806,392	18,795,591	6,213,587	4,687,847	7,231,703	270,000	97,667,921
Surplus/(Deficit)	10,837,327	(2,535,399)	(11,239,618)	(214,525)	51,239	1,545,975	(4,385,642)	(270,000)	(6,210,644)
Transfers Recognised - Capital	1,000,000	-	-	-	5,831,346	-	-	-	6,831,346
Surplus/(Deficit) after Capital Transfers & Contributions	11,837,327	(2,535,399)	(11,239,618)	(214,525)	5,882,584	1,545,975	(4,385,642)	(270,000)	620,702
Surplus/(Deficit) after Taxation	11,837,327	(2,535,399)	(11,239,618)	(214,525)	5,882,584	1,545,975	(4,385,642)	(270,000)	620,702
Surplus/(Deficit) Attributable to Municipality	11,837,327	(2,535,399)	(11,239,618)	(214,525)	5,882,584	1,545,975	(4,385,642)	(270,000)	620,702
Surplus/(Deficit) for the year	11,837,327	(2,535,399)	(11,239,618)	(214,525)	5,882,584	1,545,975	(4,385,642)	(270,000)	620,702



**PRINCE ALBERT LOCAL MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	Executive and Council	Director Finance	Director Corporate	Director Community	Director Technical Services	Total
SEGMENT REVENUE						
External revenue from exchange transactions	-	2,405,189	678,077	818,422	32,283,385	36,185,073
Service Charges - Electricity Revenue	-	-	-	-	18,916,478	18,916,478
Service Charges - Water Revenue	-	-	-	-	5,853,722	5,853,722
Service Charges - Sanitation Revenue	-	-	-	-	3,896,878	3,896,878
Service Charges - Refuse Revenue	-	-	-	-	1,885,289	1,885,289
Rental of Facilities and Equipment	-	-	320,870	270,029	-	590,899
Interest Eamed - External Investments	-	2,346,796	-	-	-	2,346,796
Interest Eamed - Outstanding Debtors	-	-	-	-	1,730,930	1,730,930
Licences and Permits	-	-	-	137,351	-	137,351
Agency Services	-	-	-	285,790	-	285,790
Other Revenue	-	58,393	357,207	125,252	87	540,939
External revenue from non-exchange transactions	24,575,445	9,643,124	1,005,509	9,329,013	1,814,857	46,367,948
Property Rates	-	4,380,380	-	-	-	4,380,380
Fines	-	-	-	6,909,263	-	6,909,263
Transfers Recognised - Operational	24,575,445	1,881,046	49,799	2,419,750	1,814,857	30,740,896
Transfers Recognised - Operational (Allocations-in-Kind)	-	1,462,139	955,710	-	-	2,417,849
Gains	-	1,717,585	-	-	-	1,717,585
Total Segment Revenue (excluding capital transfers and contributions)	24,575,445	12,048,314	1,683,586	10,147,435	34,098,242	82,553,021
SEGMENT EXPENDITURE						
Employee Related Costs	2,090,793	4,304,412	4,780,340	4,004,347	10,133,313	25,313,205
Remuneration of Councillors	3,225,563	-	-	-	-	3,225,563
Debt Impairment	-	1,684,085	-	6,521,911	2,765,620	10,971,616
Depreciation and Asset Impairment	42,648	240,341	71,031	537,043	4,013,998	4,905,061
Finance Charges	-	-	1,931	(2,840)	1,941,260	1,940,350
Bulk Purchases	-	-	-	-	15,796,235	15,796,235
Other Materials	-	21,553	-	100,872	450,043	572,468
Contracted Services	728,421	1,920,727	64,789	451,032	3,049,582	6,214,550
Transfers and Grants	351,046	-	-	270,000	-	621,046
Other Expenditure	635,807	5,704,809	1,932,463	501,657	2,923,609	11,698,346
Losses	-	620,145	-	-	-	620,145
Total Segment Expenditure	7,074,277	14,496,072	6,850,553	12,384,021	41,073,660	81,878,584
Surplus/(Deficit)	17,501,168	(2,447,759)	(5,166,968)	(2,236,586)	(6,975,418)	674,437
Transfers Recognised - Capital	2,419,797	-	-	-	10,326,327	12,746,124
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	173,839	173,839
Surplus/(Deficit) after Capital Transfers & Contributions	19,920,965	(2,447,759)	(5,166,968)	(2,236,586)	3,524,748	13,594,399
Surplus/(Deficit) after Taxation	19,920,965	(2,447,759)	(5,166,968)	(2,236,586)	3,524,748	13,594,399
Surplus/(Deficit) Attributable to Municipality	19,920,965	(2,447,759)	(5,166,968)	(2,236,586)	3,524,748	13,594,399
Surplus/(Deficit) for the year	19,920,965	(2,447,759)	(5,166,968)	(2,236,586)	3,524,748	13,594,399



PRINCE ALBERT LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Governance and Administration R	Economic and Environmental Services R	Economic and Environmental Services R	Trading Services				Other R	Total R
				Energy Sources R	Water Management R	Waste water management R	Waste management R		
SEGMENT REVENUE									
External revenue from exchange transactions	3,083,266	818,422	87	19,123,422	6,572,147	4,348,977	2,238,752	-	36,185,073
Service Charges - Electricity Revenue	-	-	-	18,916,478	-	-	-	-	18,916,478
Service Charges - Water Revenue	-	-	-	-	5,853,722	-	-	-	5,853,722
Service Charges - Sanitation Revenue	-	-	-	-	-	3,896,878	-	-	3,896,878
Service Charges - Refuse Revenue	-	-	-	-	-	-	1,885,289	-	1,885,289
Rental of Facilities and Equipment	320,870	270,029	-	-	-	-	-	-	590,899
Interest Eamed - External Investments	2,346,796	-	-	-	-	-	-	-	2,346,796
Interest Eamed - Outstanding Debtors	-	-	-	206,944	718,425	452,098	353,463	-	1,730,930
Licences and Permits	-	137,351	-	-	-	-	-	-	137,351
Agency Services	-	285,790	-	-	-	-	-	-	285,790
Other Revenue	415,600	125,252	87	-	-	-	-	-	540,939
External revenue from non-exchange transactions	35,174,279	9,329,013	1,864,656	-	-	-	-	-	46,367,948
Property Rates	4,380,380	-	-	-	-	-	-	-	4,380,380
Fines	-	6,909,263	-	-	-	-	-	-	6,909,263
Transfers Recognised - Operational	26,456,491	2,419,750	1,864,656	-	-	-	-	-	30,740,896
Transfers Recognised - Operational (Allocations-in-Kind)	2,417,849	-	-	-	-	-	-	-	2,417,849
Gains	1,717,585	-	-	-	-	-	-	-	1,717,585
Total Segment Revenue (excluding capital transfers and contributions)	38,257,546	10,147,435	1,864,743	19,123,422	6,572,147	4,348,977	2,238,752	-	82,553,021
SEGMENT EXPENDITURE									
Employee Related Costs	10,511,706	4,004,347	6,749,338	379,431	1,580,061	936,171	1,152,149	-	25,313,205
Remuneration of Councillors	3,225,563	-	-	-	-	-	-	-	3,225,563
Debt Impairment	2,374,638	6,521,911	-	(631,809)	1,571,729	1,135,147	-	-	10,971,616
Depreciation and Asset Impairment	(132,707)	537,043	1,143,794	337,355	1,269,947	1,400,113	349,516	-	4,905,061
Finance Charges	1,931	(2,840)	14,318	-	-	-	1,926,942	-	1,940,350
Bulk Purchases	-	-	-	15,796,235	-	-	-	-	15,796,235
Other Materials	21,553	100,872	-	75,885	168,070	8,054	198,035	-	572,468
Contracted Services	2,713,936	451,032	1,587,144	697,160	391,120	127,300	246,858	-	6,214,550
Transfers and Grants	351,046	-	-	-	-	-	-	270,000	621,046
Other Expenditure	8,173,853	501,657	1,157,994	659,417	566,881	431,049	207,494	-	11,698,346
Losses	620,145	-	-	-	-	-	-	-	620,145
Total Segment Expenditure	27,861,664	12,114,021	10,652,588	17,313,674	5,547,808	4,037,834	4,080,994	270,000	81,878,584
Surplus/(Deficit)	10,395,882	(1,966,586)	(8,787,846)	1,809,748	1,024,339	311,142	(1,842,242)	(270,000)	674,437
Transfers Recognised - Capital	2,419,797	-	-	-	10,326,327	-	-	-	12,746,124
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	173,839	-	-	-	-	173,839
Surplus/(Deficit) after Capital Transfers & Contributions	12,815,679	(1,966,586)	(8,787,846)	1,983,587	11,350,666	311,142	(1,842,242)	(270,000)	13,594,399
Surplus/(Deficit) after Taxation	12,815,679	(1,966,586)	(8,787,846)	1,983,587	11,350,666	311,142	(1,842,242)	(270,000)	13,594,399
Surplus/(Deficit) Attributable to Municipality	12,815,679	(1,966,586)	(8,787,846)	1,983,587	11,350,666	311,142	(1,842,242)	(270,000)	13,594,399
Surplus/(Deficit) for the year	12,815,679	(1,966,586)	(8,787,846)	1,983,587	11,350,666	311,142	(1,842,242)	(270,000)	13,594,399



PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

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

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

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.4. COMPARATIVE INFORMATION

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

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary, based on the relevance of any such amendment to the format and presentation of the financial statements. For the financial year, no new standards became effective.

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

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

Comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

Explanations is provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

Explanations for material differences between the final budget amounts and actual amounts are included in the budget comparison statements.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Explanatory comments are provided for variances between the actual and final budget of more than 10% of the budgeted value, provided that such variances exceed R300 000.

All variances less than R300 000 is considered immaterial.

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

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 25	<p><u>Employee benefits</u> The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.</p>	1 April 2023
GRAP 103	<p><u>Heritage assets</u> There are proposed amendments to the classification of mixed-use assets and the fair value accounting.</p> <p>No significant impact is expected as the municipality's current treatment is already in line with the Standard's treatment.</p>	Unknown
GRAP 104	<p><u>Financial Instruments</u> The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2025
GRAP 1 Materiality	<p><u>Presentation of Financial Statements: Materiality</u> The objective of this Standard is to prescribe the basis for presentation of general-purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.</p> <p>The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality.</p>	1 April 2023

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

REFERENCE	TOPIC	EFFECTIVE DATE
	The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.	
GRAP 1 Going concern	<p><u>Presentation of Financial Statements: Going concern</u></p> <p>The objective of this Standard is to prescribe the basis for presentation of general-purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.</p> <p>The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality.</p>	Unknown
Improvement to the Standards of GRAP	<p><u>Improvement to the Standards of GRAP</u></p> <p>The improvements are to address concerns by prepares and updated wording of selected standards. The changes will improve the application of accounting policies and therefore not major changes expected.</p>	1 April 2023
iGRAP 7	<p><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></p> <p>This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits.</p> <p>No significant impact is expected as the Municipality does not hold any plan assets.</p>	1 April 2023
iGRAP 21	<p><u>The Effect of Past Decisions on Materiality</u></p> <p>This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items. Therefore, it is a guide on materiality.</p> <p>No significant impact expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2023
Guideline	<p><u>Accounting for landfill sites</u></p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2023
Guideline	<p><u>Application of Materiality of Financial Statements</u></p> <p>The guideline is not authoritative, but only encourage.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	No effective date as only encouraged

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

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

1.10. LEASES

1.10.1. Municipality as Lessee

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

Subsequent recognition, the leased assets are accounted for in accordance with the accounting policies on assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. Contingent rents shall be charged as expenses in the periods in which they are incurred.

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

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. The revenue received is driven from the agreed terms of the contract rather than legislation.

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

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

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.13. UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.14. PROVISIONS

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

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.

When expenditure incurred on the provision will be reimbursed, the reimbursement is recognised as a separate asset, when it is virtually certain the reimbursement will be received when the obligation is settled. The reimbursement will not exceed the provision. The expenditure is recognised in the Statement of Financial Performance, net of the reimbursement.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- The business or part of a business is concerned;
 - The principal locations affected;
 - The location, function and approximate number of employees who will be compensated for terminating their services;
 - The expenditure that will be undertaken; and
 - When the plan will be implemented.

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

1.15. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

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

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. 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.

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as a contribution, and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(c) Long Service Awards

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

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

(d) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(e) 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. In terms of the Collective Agreement for Local Government annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per employee.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

Accumulated leave is vesting.

(f) Staff Bonuses

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

(g) 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 accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. Initial Recognition

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

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

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

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on the acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition (including dismantling and restoration cost) necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

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

1.16.2. Subsequent Measurement – Cost Model

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

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

1.16.3. Depreciation and Impairment

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

<u>Land and Buildings</u>	Years
Land	Indefinite
Buildings	10-100

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Infrastructure

Roads and Streets	1-90
Electricity Infrastructure	1-60
Water Infrastructure	1-80
Sanitation Infrastructure	1-100
Security measures	14-20
Solid Waste Infrastructure	10-100
Storm Water Infrastructure	1-80

Community

Airports	1-60
Centres/Halls	1-100
Libraries	1-100
Outdoor Facilities	1-100
Parks	1-100
Public Ablution Facilities	1-100
Public Open Spaces	1-100

Finance lease assets

Office equipment	3
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Other

Transport Assets	1-15
Furniture and Office Equipment	1-20
Machinery and Equipment	1-15
Computer Equipment	1-10

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

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

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

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

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1.16.4. De-recognition

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

1.16.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2021. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 30 June 2021.

1.17.6 Decommissioning and restoration asset

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.20 of the policy.

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

An intangible asset is an identifiable asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

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

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

The cost of the intangible asset includes the purchase price and any cost incurred to prepare the asset for its intended use.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure the expenditure attributable to the intangible asset reliably during its development.

Intangible assets are initially recognised at cost.

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

1.17.2. Subsequent Measurement – Cost Model

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

1.17.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e., when it is in the condition necessary for it to be capable of operating in the manner intended by

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management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	1-10

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

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

1.17.4. De-recognition

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

1.17.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciation cost method was used to establish the deemed cost as on 30 June 2021.

1.18. INVESTMENT PROPERTY

1.18.1. Initial Recognition

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

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

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

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

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

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

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

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

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

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

For a transfer from owner occupied property to investment property, measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

1.18.2. Subsequent Measurement – Cost Model

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

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1.18.3. Depreciation and Impairment – Cost Model

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

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

<u>Investment Property</u>	<u>Years</u>
Buildings	1-100

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

1.18.4. De-recognition

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

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used to determine the deemed cost as on 30 June 2021.

1.19. HERITAGE ASSETS

1.19.1. Initial Recognition

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

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

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

1.19.2. Subsequent Measurement – Cost Model

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

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated.

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

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

1.19.4. De-recognition

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

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2021.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

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

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

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

- (a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset;
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
 - A decision to halt the construction of the asset before it is complete or in a usable condition
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

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

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determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

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

1.20.2. Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset

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belongs, or plans to dispose of an asset before the previously expected date;

- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

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

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

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

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

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

1.21. INVENTORIES

1.21.1. Initial Recognition

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

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

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

1.21.2. Subsequent Measurement

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

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reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of telemetry readings and the calculated volume in the distribution network.

1.22. FINANCIAL INSTRUMENTS

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

1.22.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2. Subsequent Measurement

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

1.22.2.1. Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for

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financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

1.22.2.2. Payables and Annuity Loans

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

1.22.2.3. Cash and Cash Equivalents and short-term investments

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

1.22.3. De-recognition

1.22.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

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

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

1.22.3.2. *Financial Liabilities*

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

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

1.22.4. *Offsetting of Financial Instruments*

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

1.23. STATUTORY RECEIVABLES

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

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1.23.1. Initial Recognition and Measurement

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

The Municipality initially measures the statutory receivables at their transaction amount.

1.23.2. Subsequent Measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement is adjusted with:

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

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

The municipality considers the following as indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied)
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns

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

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1.23.3. Derecognition

The Municipality derecognises a statutory receivable when:

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

Any difference between consideration received and amounts derecognised/recognised is recognised in surplus and deficit.

1.23.4. Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision.

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

1.24. REVENUE

1.24.1. Revenue from Non-Exchange Transactions

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

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;

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- the fair value of the asset can be measured reliably.

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

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

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

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

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

Revenue arising from legislation is recognised in accordance with the approved tariff.

1.24.2. Revenue from Exchange Transactions

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

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

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

Revenue from the services rendered is recognised when:

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

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

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

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

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

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Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

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

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

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

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goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25. ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

Identification

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

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

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

1.26. RELATED PARTIES

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

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

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

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

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;

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- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.27. UNAUTHORISED EXPENDITURE

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

1.28. IRREGULAR EXPENDITURE

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

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

Management judgement is required when recognising and measuring contingent liabilities and assets.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Post-retirement medical obligations, Long service awards and Ex gratia gratuities

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

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used are disclosed in note 13 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

Impairment of Statutory Receivables

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

Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

The cost for depreciated replacement cost was determined by using either one of the following:

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- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

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

Intangible Assets

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

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

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

Investment Property

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

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

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

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

Water Inventory

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The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant 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.

Provisions and Contingent Liabilities

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

Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates linked to government bond rate was used to calculate the effect of the time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave, to a maximum of 48 days per employee, at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

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

Pre-paid electricity estimation

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

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Componentisation of Infrastructure assets

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

Revenue Recognition

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

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

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become effective on 1 July 2022

. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

1.32. TAXES – VALUE ADDED TAX

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

1.33. CAPITAL COMMITMENTS

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Commitments are disclosed in the notes exclusive of VAT.

1.34. EVENTS AFTER REPORTING DATE

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

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

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

1.35. TAXATION

1.36.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.36. SEGMENT REPORTING

A segment is an activity of an entity:

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

1.37. CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2023

Description	Cost									Accumulated Impairment				Accumulated Depreciation and Impairment Losses				Carrying Value		
	Opening Balance				Additions		Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals	Closing			
	Normal	Residuals	WIP	Correction of Error	Re-classification	Opening Balance													Normal	Under Construction
Infrastructure																				
Roads	29,237,012	-	58,006	-	-	29,295,017	2,165,695	-	-	31,460,713	1,287,790	-	-	1,287,790	5,790,632	-	917,222	-	6,707,854	23,465,069
Storm Water	15,295,334	-	-	-	-	15,295,334	769,171	416,167	-	16,481,672	-	-	-	2,327,684	-	-	364,315	-	2,691,989	13,789,673
Electricity	15,899,945	-	-	-	-	15,899,945	392,990	108,082	-	16,400,997	-	-	-	2,568,073	-	-	340,221	-	2,908,295	13,492,702
Water Supply	53,607,016	-	346,865	-	-	53,953,881	1,762,235	688,658	-	56,404,774	-	-	-	9,184,826	-	-	1,323,512	-	10,508,338	45,896,437
Sanitation	45,959,572	-	-	-	-	45,959,572	49,646	-	-	46,009,218	163,500	-	-	163,500	7,431,270	-	997,369	-	8,428,639	37,417,079
Solid Waste	1,098,851	-	-	-	-	1,098,851	-	-	-	1,098,851	-	-	-	334,477	-	-	20,414	-	354,892	743,959
Landfill Site	11,180,948	-	-	-	-	11,180,948	1,212,305	-	-	12,393,252	304,660	-	-	304,660	9,858,754	-	873,540	-	10,732,294	1,356,298
	172,279,677	-	404,871	-	-	172,684,548	6,352,042	1,212,887	-	180,249,478	1,755,950	-	-	1,755,950	37,495,717	-	4,836,594	-	42,332,311	136,161,216
Community Assets																				
Community Facilities																				
Halls	6,679,193	-	-	-	-	6,679,193	-	-	-	6,679,193	35,400	-	(506)	34,894	656,535	-	71,053	-	727,588	5,916,711
Centres	3,561,795	-	-	-	-	3,561,795	-	-	-	3,561,795	-	-	-	272,365	-	-	36,594	-	308,959	3,252,836
Testing Stations	-	-	31,597	-	-	31,597	-	-	-	228,097	-	-	-	-	-	-	66	-	66	228,031
Libraries	1,199,428	-	-	-	-	1,199,428	196,500	-	-	1,199,428	652,400	-	-	652,400	127,633	-	4,955	-	132,588	414,440
Cemeteries/Crematoria	51,650	-	-	-	-	51,650	-	-	-	51,650	-	13,700	-	13,700	-	-	-	-	-	37,950
Parks	813,037	-	-	-	-	813,037	-	-	-	813,037	96,500	-	-	96,500	44,488	-	35,170	-	79,659	636,878
Public Open Space	1,410,798	-	-	-	-	1,410,798	-	-	-	1,410,798	332,615	-	-	332,615	59,848	-	27,921	-	87,769	990,414
Public Ablution Facilities	175,579	-	-	-	-	175,579	-	-	-	175,579	-	-	-	-	8,556	-	3,571	-	12,127	163,452
Airports	623,631	-	-	-	-	623,631	-	-	-	623,631	-	-	-	41,940	-	-	10,387	-	52,327	571,303
Outdoor Facilities	13,827,182	-	642,437	-	-	14,469,619	-	330,098	-	14,799,717	185,000	2,154,734	-	2,339,734	413,841	-	112,626	-	526,467	11,933,516
	28,342,294	-	674,034	-	-	29,016,328	196,500	330,098	-	29,542,926	1,301,915	2,168,434	(506)	3,469,842	1,625,208	-	302,344	-	1,927,552	24,145,532

30 JUNE 2023 (Continue)

Description	Cost									Accumulated Impairment				Accumulated Depreciation and Impairment Losses					Carrying Value			
	Opening Balance					Additions		Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals	Closing				
	Normal	Residuals	WIP	Correction of Error	Re-classification	Opening Balance	Normal													Under Construction		
Other Assets																						
Other Land	1,646,152	-	-	-	-	1,646,152	-	-	-	-	-	-	1,646,152	650,550	(258,250)	392,300	-	-	-	-	1,253,852	
Operational Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Municipal Offices	6,958,431	-	-	-	-	6,958,431	-	2,294,744	-	9,253,175	157,000	-	9,253,175	157,000	-	336,003	-	123,596	-	459,600	8,636,575	
Computer Equipment	2,151,794	-	-	-	-	2,151,794	132,788	-	-	2,284,582	-	-	2,284,582	-	711,903	-	224,212	-	936,115	-	1,348,467	
Furniture and Office Equipment	1,934,563	-	-	-	-	1,934,563	182,332	-	-	2,116,895	-	-	2,116,895	-	974,136	-	147,604	-	1,121,740	-	995,155	
Machinery and Equipment	2,180,732	-	-	-	-	2,180,732	12,956	-	-	2,193,688	-	-	2,193,688	-	812,093	-	179,556	-	991,649	-	1,202,039	
Transport Assets	6,652,910	1,394,288	-	-	-	8,047,198	2,123,781	-	-	10,170,979	-	-	10,170,979	-	2,769,112	-	1,087,442	-	3,856,554	-	6,314,425	
	21,524,582	1,394,288	-	-	-	22,918,869	2,451,857	2,294,744	-	27,665,470	807,550	-	27,665,470	807,550	(258,250)	549,300	-	1,762,411	-	7,365,657	19,750,513	
Leases																						
Furniture and Office Equipment	283,691	-	-	-	-	283,691	-	-	-	283,691	-	-	283,691	-	-	149,307	-	94,637	-	243,943	-	39,747
	283,691	-	-	-	-	283,691	-	-	-	283,691	-	-	283,691	-	-	149,307	-	94,637	-	243,943	-	39,747
Total	222,430,243	1,394,288	1,078,905	-	-	224,903,436	9,000,399.12	3,837,729.70	-	237,741,564	3,865,415	2,168,434	(258,756)	5,775,093	-	44,873,478	-	6,995,985	-	51,869,463	-	180,097,008

2.2 30 JUNE 2022

Description	Cost									Accumulated Impairment				Accumulated Depreciation and Impairment Losses					Carrying Value	
	Opening Balance					Additions		Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals	Closing		
	Normal	Residuals	WP	Correction of Error	Re-classification	Opening Balance	Normal													Under Construction
Infrastructure																				
Roads	21 980,077	-	1 491,801	-	2 856	23 474,734	5 506,024	748,922	434 663	29 295,017	1 287,790	-	-	1 287,790	5 119,799	502	742,692	72 361	5 790,632	22 216,595
Storm Water	12 843,537	-	584,395	-	9 274	13 437,206	1 941,442	-	82 315	15 296,334	-	-	-	2 007,050	137	328,678	8 181	2 327,684	12 968,650	
Electricity	14 736,309	-	854,499	281,901	27 237	15 899,945	-	-	-	15 899,945	-	-	-	2 230,618	211	337,244	-	2 568,073	13 331,872	
Water Supply	52 923,111	-	1 180,816	-	(1 028,535)	53 075,393	9 517	868,971	-	53 953,881	-	-	-	7 912,714	8 293	1 263,819	-	9 184,826	44 769,055	
Sanitation	43 246,588	-	1 336,303	-	989,168	45 572,059	171,544	233,054	17 085	45 959,572	163,500	-	-	163,500	6 454,162	9 864	972,024	4 781	7 431,270	38 364,802
Solid Waste	221,886	-	876,965	-	-	1 098,851	-	-	-	1 098,851	-	-	-	314,063	0	20,414	-	334,477	764,373	
Landfill Site	12 073,958	-	-	-	-	12 073,958	-	-	893,011	11 180,948	304,660	-	-	304,660	9 529,653	-	329,101	-	9 858,754	1 017,533
	158 025,466	-	6 324,779	281,901	0	164 632,146	7 628,528	1 850,947	1 427,073	172 684,548	1 755,950	-	-	1 755,950	33 568,059	19,007	3 993,974	85,322	37 495,717	133 432,881
Community Assets																				
Community Facilities																				
Halls	6 679,193	-	-	-	-	6 679,193	-	-	-	6 679,193	35,400	-	-	35,400	584,576	-	71,959	-	656,535	5 987,258
Centres	3 561,795	-	-	-	-	3 561,795	-	-	-	3 561,795	-	-	-	235,360	-	37,006	-	272,366	3 289,430	
Testing Stations	-	-	-	-	-	-	-	31,597	-	31,597	-	-	-	-	-	-	-	-	-	31,597
Libraries	1 199,428	-	-	-	-	1 199,428	-	-	-	1 199,428	652,400	-	-	652,400	122,614	-	5,019	-	127,633	419,395
Cemeteries/Crematoria	51,650	-	-	-	-	51,650	-	-	-	51,650	-	-	-	-	-	-	-	-	51,650	
Parks	813,037	-	-	-	-	813,037	-	-	-	813,037	96,500	-	-	96,500	7,066	-	37,422	-	44,488	672,048
Public Open Space	1 410,798	-	-	-	-	1 410,798	-	-	-	1 410,798	332,615	-	-	332,615	30,553	-	29,296	-	59,848	1 018,335
Public Ablution Facilities	175,579	-	-	-	-	175,579	-	-	-	175,579	-	-	-	-	4,886	-	3,670	-	8,556	167,023
Airports	623,631	-	-	-	-	623,631	-	-	-	623,631	-	-	-	31,364	-	10,576	-	41,940	581,691	
Outdoor Facilities	13 827,182	-	642 437	-	-	14 469 619	-	-	-	14 469 619	185 000	-	-	185 000	298 603	-	115 238	-	413 841	13 870 778
	28 342,294	-	642,437	-	-	28 984,731	-	31,597	-	29 016,328	1 301,915	-	-	1 301,915	1 315,022	-	310,186	-	1 625,208	26 089,205

PRINCE ALBERT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

30 JUNE 2022 (Continue)

Description	Cost									Accumulated Impairment				Accumulated Depreciation and Impairment Losses					Carrying Value	
	Opening Balance					Additions		Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals	Closing		
	Normal	Residuals	WIP	Correction of Error	Re-classification	Opening Balance	Normal													Under Construction
Other Assets																				
Other Land	1,593,152			53,000	-	1,646,152	-	-	-	1,646,152	650,550			650,550	-	-	-	-	-	995,602
Municipal Offices	5,028,160			-	-	5,028,160	1,930,271	-	-	6,958,431	157,000			157,000	234,215	-	101,789	-	336,003	6,465,427
Computer Equipment	1,252,126			8,829	-	1,260,954	890,840	-	-	2,151,794	-			-	610,235	1,962	99,706	-	711,903	1,439,891
Furniture and Office Equipment	1,500,016			28,253	-	1,528,269	406,294	-	-	1,934,563	-			-	880,234	4,676	89,225	-	974,136	960,427
Machinery and Equipment	2,122,409			51,823	-	2,174,232	6,500	-	-	2,180,732	-			-	642,901	11,994	157,198	-	812,093	1,368,639
Transport Assets	6,652,910	1,394,288		-	-	8,047,198	-	-	-	8,047,198	-			-	2,285,494	-	483,618	-	2,769,112	5,278,085
	18,148,772	1,394,288		141,905	-	19,684,964	3,233,905	-	-	22,918,869	807,550			807,550	4,653,079	18,632	931,536	-	5,603,247	16,508,072
Leases																				
Furniture and Office Equipment	283,691			-	-	-	-	-	-	283,691	-			-	54,670	-	94,637	-	149,307	134,384
	283,691			-	-	-	-	-	-	283,691	-			-	54,670	-	94,637	-	149,307	134,384
Total	204,800,223	1,394,288	6,967,216	423,805	0	213,301,841	10,862,433	1,882,544	1,427,073	224,903,436	3,865,415			3,865,415	39,590,830	37,639	5,330,332	85,322	44,873,478	176,164,542

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

	2023 R	2022 R
2.4 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	9,501,340	8,050,242
Other materials	319,055	418,284
Contracted Services	1,884,172	2,890,289
Other Expenditure	3,599,758	2,526,616
Total Repairs and Maintenance	15,304,325	13,885,430

2.5 Assets pledged as security:

Leased Property, Plant and Equipment at cost of R 283 691 is secured for leases as set out in Note 11 and Appendix A. The carrying value of these assets as at 30 June 2023 is R 43 042.

2.6 Impairment losses of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:

Community Assets	(2,168,434)	-
Total Impairment Losses	(2,168,434)	-

2.7 Reversal of Impairment losses of Property, Plant and Equipment

Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:

Infrastructure	-	460,390
Community Assets	506	-
Other	258,250	-
Total Reversal of Impairment losses	258,756	460,390

2.8 Effect of changes in accounting estimates

The remaining useful lives of assets were reviewed and it had the following effect on the accumulated depreciation and the carrying values of assets.

	2023 R	2024 R	2025 R
Accumulated depreciation before review of useful lives	7,125,953	8,706,296	10,023,928
Accumulated depreciation after review of useful lives	6,960,015	8,636,484	9,983,358
Effect on Property, plant and equipment	165,938	69,811	40,570

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

Approved and contracted for:

Infrastructure	3,185,521	2,778,634
Balance previously reported	3,185,521	2,778,634
Plus: Construction of new sidewalks in North-end incorrectly reported as community assets		285,355
		2,493,279
Community		-
Balance previously reported		2,493,279
Less: Construction of new sidewalks in North-end incorrectly reported as community assets		(2,493,279)
Total	3,185,521	2,778,634

This expenditure will be financed from:

Government Grants	3,185,521	2,778,634
Total	3,185,521	2,778,634

2.9 Retention incurred on Property, Plant and Equipment:

Opening Balance	636,334	686,362
Deposits	-	566,714
Withdrawals	(291,301)	(616,742)
Total	345,033	636,334

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

	2023 R	2022 R
3. INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	13,605,195	13,611,976
Cost	14,639,586	14,639,586
Accumulated Depreciation	(87,338)	(80,557)
Accumulated Impairment Loss	(947,053)	(947,053)
Depreciation for the year	(6,694)	(6,781)
Impairment loss	(77,198)	-
Net Carrying amount at 30 June	13,521,304	13,605,195
Cost	14,639,586	14,639,586
Accumulated Depreciation	(94,032)	(87,338)
Accumulated Impairment Loss	(1,024,251)	(947,053)
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	79,224	88,815
3.3 Impairment losses of Investment Property		
Impairment losses on Investment Property recognised in Statement of Financial Performance are as follows:		
Revenue Generating	(77,198)	-
Improved Property	(77,198)	-
Total Impairment Losses	(77,198)	-
4. INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	527,052	143,148
Cost	652,885	242,644
Accumulated Amortisation	(125,833)	(99,496)
Additions	37,752	515,363
Amortisation	(91,003)	(26,337)
Other changes	-	(105,122)
Net Carrying amount at 30 June	473,801	527,052
Cost	690,637	652,885
Accumulated Amortisation	(216,836)	(125,833)
5. HERITAGE ASSETS		
5.1 Net Carrying amount at 1 July	1,245,000	1,245,000
Cost	1,245,000	1,245,000
Accumulated Impairment Loss	-	-
Impairment Loss/ Reversal of Impairment Loss	-	-
Net Carrying amount at 30 June	1,245,000	1,245,000
Cost	1,245,000	1,245,000
Accumulated Impairment Loss	-	-
Historical buildings	1,245,000	1,245,000
	1,245,000	1,245,000

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

There are no Heritage Assets pledged as security for liabilities

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

PRINCE ALBERT MUNICIPALITY

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

	2023 R	2022 R
6. OPERATING LEASE ARRANGEMENTS		
6.1 The Municipality as Lessor		
Operating Lease Asset	<u>139,058</u>	<u>151,906</u>
<u>Disclosed as follows:</u>		
Non-Current Operating Lease Asset	139,058	151,906
Current Operating Lease Asset	<u>139,058</u>	<u>151,906</u>
<u>Reconciliation</u>		
Balance at the beginning of the year	151,906	145,498
Movement during the year	<u>(12,848)</u>	<u>6,408</u>
Balance at the end of the year	<u>139,058</u>	<u>151,906</u>
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease revenue as follows:		
Up to 1 Year	260,512	238,034
1 to 5 Years	394,694	655,206
More than 5 Years	-	-
Total Operating Lease Arrangements	<u>655,206</u>	<u>893,240</u>
This operating lease revenue determined from contracts that have a specific condition and does not include leases which has a undetermined conditional revenue.		
7. INVENTORY		
Consumables	452,095	288,613
Land	219,420	219,420
Water	47,481	38,521
Total Inventory	<u>718,995</u>	<u>546,554</u>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
7.1 Inventories recognise as an expense during the year:		
Consumables	39,903	21,553
Materials and Supplies	<u>388,174</u>	<u>550,915</u>
Total	<u>428,076</u>	<u>572,468</u>

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

	2023 R	2022 R
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	2,616,766	2,149,872
Water	7,268,619	17,660,334
Property Rentals	726,549	533,421
Waste Management	3,140,882	4,011,869
Waste Water Management	5,115,146	6,183,856
Debtors VAT Portion	2,146,973	2,654,496
Other Arrears	2,254,299	892,370
Trading Service and Customer Service Debtors - Abeyance	1,589,416	1,964,928
Total: Receivables from exchange transactions (before provision)	24,858,651	36,051,145
Less: Provision for Debt Impairment	(17,456,593)	(29,902,483)
Total: Receivables from exchange transactions (after provision)	7,402,058	6,148,662

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

(Electricity): Ageing

Current (0 - 30 days)	1,421,766	1,194,403
31 - 60 Days	264,959	260,820
61 - 90 Days	326,635	114,911
+ 90 Days	603,406	579,737
Total	2,616,766	2,149,872

(Water): Ageing

Current (0 - 30 days)	865,235	824,342
31 - 60 Days	314,901	1,642,617
61 - 90 Days	358,300	279,306
+ 90 Days	5,730,183	14,914,069
Total	7,268,619	17,660,334

(Property Rentals): Ageing

Current (0 - 30 days)	30,929	19,127
31 - 60 Days	23,986	25,786
61 - 90 Days	54,218	21,337
+ 90 Days	617,416	467,171
Total	726,549	533,421

(Waste Management): Ageing

Current (0 - 30 days)	226,231	126,570
31 - 60 Days	148,467	117,208
61 - 90 Days	134,190	100,334
+ 90 Days	2,631,993	3,667,757
Total	3,140,882	4,011,869

(Waste Water Management): Ageing

Current (0 - 30 days)	473,276	290,120
31 - 60 Days	272,412	220,561
61 - 90 Days	242,640	195,553
+ 90 Days	4,126,818	5,477,622
Total	5,115,146	6,183,856

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

	2023 R	2022 R
<u>(Debtors VAT Portion): Ageing</u>		
Current (0 - 30 days)	173,974	24,602
31 - 60 Days	137,267	310,479
61 - 90 Days	150,696	84,861
+ 90 Days	1,685,035	2,234,554
Total	<u>2,146,973</u>	<u>2,654,496</u>

<u>(Other): Ageing</u>		
Current (0 - 30 days)	1,670,820	319,766
31 - 60 Days	5,796	9,622
61 - 90 Days	5,745	8,408
+ 90 Days	571,938	554,574
Total	<u>2,254,299</u>	<u>892,370</u>

<u>Trading Service and Customer Service Debtors - Abeyance</u>		
+ 90 Days	1,589,416	1,964,928
	<u>1,589,416</u>	<u>1,964,928</u>

<u>(Total): Ageing</u>		
Current (0 - 30 days)	4,862,231	2,798,930
31 - 60 Days	1,167,789	2,587,092
61 - 90 Days	1,272,425	804,711
+ 90 Days	17,556,206	29,860,412
Total	<u>24,858,651</u>	<u>36,051,145</u>

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2023			
Current (0 - 30 days)	4,320,273	316,454	225,504
31 - 60 Days	897,358	176,433	93,998
61 - 90 Days	973,468	176,124	122,834
+ 90 Days	16,362,546	341,440	852,220
Sub-total	22,553,645	1,010,450	1,294,556
Less: Provision for Debt Impairment	(16,810,911)	(645,682)	-
Total debtors by customer classification	<u>5,742,734</u>	<u>364,768</u>	<u>1,294,556</u>

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2022			
Current (0 - 30 days)	2,419,554	165,818	213,558
31 - 60 Days	1,847,058	86,119	653,915
61 - 90 Days	667,818	113,462	23,431
+ 90 Days	28,928,054	654,609	277,749
Sub-total	33,862,484	1,020,007	1,168,653
Less: Provision for Debt Impairment	(29,123,543)	(778,940)	-
Total debtors by customer classification	<u>4,738,942</u>	<u>241,068</u>	<u>1,168,653</u>

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

	2023 R	2022 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	29,902,483	26,896,930
Contribution to provision	445,387	3,637,361
Reversal of provision	(12,891,277)	(631,809)
Balance at end of year	<u>17,456,593</u>	<u>29,902,483</u>

The total amount of this provision consist of:

Services	16,032,735	28,708,490
Other Debtors	1,423,858	1,193,992
Total Provision for Debt Impairment on Receivables from exchange transactions	<u>17,456,593</u>	<u>29,902,483</u>

Ageing of amounts past due but not impaired:

1 month past due	1,167,789	2,587,092
2+ months past due	6,234,269	3,561,570
	<u>7,402,058</u>	<u>6,148,662</u>

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

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	2,753,485	2,407,923
Fines	54,533,421	45,570,014
Other Receivables	46,700	46,700
	<u>57,333,606</u>	<u>48,024,637</u>
Less: Provision for Debt Impairment	(56,336,910)	(47,529,320)
Total Receivables from non-exchange transactions	<u>996,696</u>	<u>495,317</u>

The fair value of other receivables approximate their carrying value.

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

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

	2023 R	2022 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	236,199	213,532
31 - 60 Days	106,539	698,564
61 - 90 Days	76,724	79,764
+ 90 Days	2,334,024	1,416,064
Total	<u>2,753,485.15</u>	<u>2,407,923</u>

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2023			
Current (0 - 30 days)	216,590	15,841	3,768
31 - 60 Days	92,534	10,076	3,929
61 - 90 Days	67,074	5,751	3,899
+ 90 Days	953,311	1,005,253	375,460
Sub-total	1,329,509	1,036,920	387,056
Less: Provision for Debt Impairment	(1,232,648)	(846,916)	
Total debtors by customer classification	<u>96,861</u>	<u>190,004</u>	<u>387,056</u>

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2022			
Current (0 - 30 days)	196,630	16,130	773
31 - 60 Days	166,044	492,098	40,423
61 - 90 Days	64,506	13,057	2,201
+ 90 Days	1,067,432	284,233	64,399
Sub-total	1,494,611	805,517	107,795
Less: Provision for Debt Impairment	(1,235,075)	(814,473)	-
Total debtors by customer classification	<u>259,536</u>	<u>(8,956)</u>	<u>107,795</u>

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	47,529,320	40,609,649
Contribution to provision	8,807,590	6,919,671
Reversal of provision	-	-
Balance at end of year	<u>56,336,910</u>	<u>47,529,320</u>

The provision for Debt impairment consist of:

Taxes	2,079,564	2,049,548
Fines	54,257,346	45,479,772
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<u>56,336,910</u>	<u>47,529,320</u>

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

	2023 R	2022 R
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	106,539	698,564
2+ months past due	567,382	(340,189)
	<u>673,921</u>	<u>358,375</u>

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

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

10. BANK ACCOUNTS**10.1 Cash and Cash Equivalents**

Current Accounts	458,559	1,499,970
Cash On-hand	5,987	4,416
Total Cash and Cash Equivalents - Assets	<u>464,546</u>	<u>1,504,385</u>

10.2 Short-term Investments

Call Deposits	51,930,877	44,356,630
Total Short-term Investments	<u>51,930,877</u>	<u>44,356,630</u>

A Bank Guarantee is retained for Eskom by Absa Bank

	<u>1,199,000</u>	<u>1,199,000</u>
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The municipality has the following bank accounts:

Current Accounts

Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	342,011	1,397,398
	<u>342,011</u>	<u>1,397,398</u>

Call Deposits and Investments

Prince Albert ABSA Bank - Account Number 9287334653 (Savings Account):	1,250,997	1,272,961
Prince Albert ABSA Bank - Account Number 9360966391 (Call Deposit Account):	-	7,774,442
Prince Albert Nedbank - Account Number 03/7881131594/000027 (Fixed Deposit Account):	10,181,974	
Prince Albert ABSA Bank - Account Number 2080395045 (Fixed Deposit Account):	40,497,906	35,309,227
	<u>51,930,877</u>	<u>44,356,630</u>

Details of the current account is as follow:

PRINCE ALBERT MUNICIPALITY

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

	2023 R	2022 R
Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):		
Cash book balance at beginning of year	1,499,970	604,576
Cash book balance at end of year	458,559	1,499,970
Less: Cash on hand not deposited	(116,548)	(102,572)
	<u>342,011</u>	<u>1,397,398</u>
Bank statement balance at beginning of year	1,397,398	518,693
Bank statement balance at end of year	<u>342,011</u>	<u>1,397,398</u>
11. LONG-TERM BORROWINGS		
Capitalised Lease Liability - At amortised cost	<u>43,042</u>	141,375
	43,042	141,375
Less: Current Portion transferred to Current Liabilities	(43,042)	(98,333)
Capitalised Lease Liability - At amortised cost	<u>(43,042)</u>	<u>(98,333)</u>
	0	43,042
Total Long-term Borrowings	<u>0</u>	<u>43,042</u>

11.1 The obligations under finance leases are scheduled below:

	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	43,042	105,115
Payable within two to five years	-	43,798
	<u>43,042</u>	<u>148,912</u>
Less: Future finance obligations	-	(7,537)
Present value of finance lease obligations	<u>43,042</u>	<u>141,375</u>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Konica Minolta	Photo copiers	7%	0%	3 Years	2023/11/30

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 2

12. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	<u>25,166,324</u>	<u>21,862,045</u>
Total Non-current Provisions	<u>25,166,324</u>	<u>21,862,045</u>

PRINCE ALBERT MUNICIPALITY

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

	2023 R	2022 R
12.1 Landfill Sites		
Balance 1 July	21,862,045	21,314,841
Increase/(Decrease) due to discounting	2,091,974	1,926,942
Increase/(Decrease) due to re-measurement	-	(893,011)
Unused amounts reversed	-	(486,727)
Capitalizing increase or decrease -cost	1,174,122	-
Addition- post closure cost	38,183	-
Total provision 30 June	25,166,324	21,862,045
Balance 30 June	25,166,324	21,862,045

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Prince Albert	Leeu Gamka	Klaarstroom
Rehabilitation area (m ²)	23,504	13,434	5,232
Costs for rehabilitation and closure:			
Preliminary and general	1,550,791	982,156	468,918
Site clearance and preparation	31,495	18,002	7,011
Storm water control measures	1,762,552	1,140,193	840,151
Capping	7,435,615	4,642,282	1,853,029
Leachate management	554,033	391,085	249,182
Fencing	12,838	12,838	12,838
Other:			
Environmental authorisation (closure license)	441,773	441,773	441,773
Technical ROD	223,900	223,900	223,900
Install groundwater monitoring boreholes with lockable caps	120,182	133,619	187,998
Landscape architects	149,820	149,500	147,460
Water use license	38,000	38,000	38,000
Topographical survey as per quotation area (minimum R6 750)	16,000	11,429	7,500
Contingencies (10% of total construction costs)	1,134,732	718,656	343,113
Engineering: Professional fees	1,311,581	958,145	462,429
Site supervision (Engineer's representative)	374,026	271,454	105,920
Site supervision (Environmental control officer & OHS agent)	88,907	103,873	47,043
Total (Excl VAT)	15,246,245	10,236,905	5,436,264
Cost per rehab (m ²)	649	762	1,039

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R 25 166 324 (2022: R21 862 045) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the Government Bond rate of borrowing.

Location	Estimated decommission date		
Prince Albert	2025	14,155,604	12,186,187
Leeu Gamka	2026	9,121,313	7,982,181
Klaarstroom	2040	1,889,407	1,693,677
		25,166,324	21,862,045

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

	2023 R	2022 R
13. NON-CURRENT EMPLOYEE BENEFITS		
Provision for Post Retirement Health Care Benefits	4,354,000	4,585,000
Provision for Ex-Gratia Pension Benefits	27,610	37,300
Provision for Long Service Awards	1,447,000	1,309,000
Total Non-current Employee Benefits	5,828,610	5,931,300
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	4,875,000	6,173,000
Contribution for the year	105,000	90,665
Interest cost	542,000	615,000
Expenditure for the year	(254,869)	(305,665)
Actuarial Loss/(Gain)	(645,131)	(1,698,000)
Total provision 30 June	4,622,000	4,875,000
Less: Transfer of Current Portion to Current Provisions - Note 15	(268,000)	(290,000)
Balance 30 June	4,354,000	4,585,000
<u>Ex-Gratia Pensions</u>		
Balance 1 July	37,300	24,610
Interest cost	3,740	1,326
Expenditure for the year	-	(160,040)
Actuarial Loss/(Gain)	(570)	171,404
Total provision 30 June	40,470	37,300
Less: Transfer of Current Portion to Current Provisions - Note 15	(12,860)	-
Balance 30 June	27,610	37,300
<u>Long Service Awards</u>		
Balance 1 July	1,586,000	1,406,000
Contribution for the year	175,000	149,000
Interest cost	159,000	132,000
Expenditure for the year	(247,169)	(81,415)
Actuarial Loss/(Gain)	(60,831)	(19,585)
Total provision 30 June	1,612,000	1,586,000
Less: Transfer of Current Portion to Current Provisions - Note 15	(165,000)	(277,000)
Balance 30 June	1,447,000	1,309,000

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

	2023 R	2022 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
13.1 Provision for Post Retirement Health Care Benefits		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	21	16
In-service (employee) non-members	38	40
Continuation members (e.g. Retirees, widows, orphans)	8	7
Total Members	<u>67</u>	<u>63</u>

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

In-service members	1,052,000	994,000
In-service non-members	378,000	359,000
Continuation members	3,192,000	3,522,000
Total Liability	<u>4,622,000</u>	<u>4,875,000</u>

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

	2021 R	2020 R	2019 R
In-service members	1,235,000	1,582,000	2,001,036
In-service non-members	443,000	332,000	355,769
Continuation members	4,488,000	4,220,000	3,383,584
Total Liability	<u>6,166,000</u>	<u>6,134,000</u>	<u>5,740,389</u>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
LA Health
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R106 000, whereas the Current-service Cost for the next year is estimated to be R105 000.

Comparison of Valuation Assumptions	2023 %	2022 %
Assumption		
Discount rate	12.59%	11.45%
Health care cost inflation rate	8.29%	8.11%
Net discount rate	3.97%	3.09%
Average retirement age	62	
Mortality during employment	SA 85 - 90	
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010	

Withdrawal rates

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
50+	0%	0%

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

	2023 %	2022 %
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
Proportion with a spouse dependant at retirement		60%
Continuation of membership at retirement		75%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement		15%

	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	4,622,000	4,875,000
	<u>4,622,000</u>	<u>4,875,000</u>
Net liability/(asset)	<u>4,622,000</u>	<u>4,875,000</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	4,875,000	6,173,000
Total expenses	392,131	400,000
Current service cost	105,000	90,665
Interest Cost	542,000	615,000
Benefits Paid	(254,869)	(305,665)
Actuarial (gains)/losses	(645,131)	(1,698,000)
Present value of fund obligation at the end of the year	<u>4,622,000</u>	<u>4,875,000</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2023

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	1.4300	3.1920	4.6220

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		1.430	3.192	4.622	
Health care inflation rate	+1%	1.774	3.524	5.298	15%
Health care inflation rate	-1%	1.164	2.908	4.072	-12%
Discount rate	+1%	1.175	2.920	4.095	-11%
Discount rate	-1%	1.763	3.513	5.276	14%
Post-employment mortality	+1 yr	1.396	3.102	4.498	-3%
Post-employment mortality	-1 yr	1.466	3.280	4.746	3%
Average retirement age	-1yr	1.555	3.192	4.747	3%
Membership continuation	-10%	1.258	3.192	4.450	-4%

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

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		105,000	542,000	647,000	
Health care inflation rate	+1%	135,000	624,000	759,000	17%
Health care inflation rate	-1%	82,000	475,000	557,000	-14%
Discount rate	+1%	83,000	519,000	602,000	-7%
Discount rate	-1%	133,000	568,000	701,000	8%
Post-employment mortality	+1 yr	102,000	525,000	627,000	-3%
Post-employment mortality	-1 yr	108,000	559,000	667,000	3%
Average retirement age	-1yr	113,000	555,000	668,000	3%
Membership continuation	-10%	93,000	523,000	616,000	-5%

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

	2023 R	2022 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
13.2 Ex-Gratia Pensions		
The Ex-Gratia plans are defined benefit plans.		
Changes in eligible employees since the last valuation date		
Number of employees as at 1 July	4	5
Exits during the year	0	0
Number of employees as at 30 June	<u>4</u>	<u>5</u>

Comparison of Valuation Assumptions

Assumptions	2023 %	2022 %
Discount rate	10.43%	10.04%
Average retirement age	62	
Pre-retirement mortality	SA85-90	

Withdrawal rates

Age	Females	Males
40	4%	4%
50	3%	3%
55	0%	0%

	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	<u>27,610</u>	<u>37,300</u>
Net liability/(asset)	<u>27,610</u>	<u>37,300</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	37,300	24,610
Total expenses	3,740	(158,714)
Interest Cost	3,740	1,326
Benefits Paid	-	(160,040)
Actuarial (gains)/losses	(570)	171,404
Present value of fund obligation at the end of the year	<u>40,470</u>	<u>37,300</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2023

Assumption	Change	Liability (Rm)	% change
Central assumptions		40,470	
Inflation rate	+1%	42,340	5%
Inflation rate	-1%	38,650	-4%
Discount rate	+1%	3,855	-5%
Discount rate	-1%	42,570	5%
Rates of withdrawal from service	x2	40,970	1%
Rates of withdrawal from service	x0.5	40,220	-1%
Average retirement age	+1 yr	39,160	-3%
Average retirement age	-1 yr	41,450	2%

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

13. NON-CURRENT EMPLOYEE BENEFITS (Continue)

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

Assumption	Interest Cost (R)
Central Assumptions	3,740

The effect of movements in the assumptions are as follows:

Assumption	Change	Interest Cost (R)	% change
Central assumptions		3,740	
Inflation rate	+1%	3,970	6%
Inflation rate	-1%	3,540	-5%
Discount rate	+1%	3,880	4%
Discount rate	-1%	3,590	-4%
Rates of withdrawal from service	x2	3,590	-4%
Rates of withdrawal from service	x0.5	3,830	2%
Average retirement age	+1 yr	3,650	-2%
Average retirement age	-1 yr	3,310	-11%

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

Assumption	Interest Cost (R)
Central Assumptions	3,570

The effect of movements in the assumptions are as follows:

Assumption	Change	Interest Cost (R)	% change
Central assumptions		3,570	
Inflation rate	+1%	3,770	6%
Inflation rate	-1%	3,380	-5%
Discount rate	+1%	3,690	3%
Discount rate	-1%	3,420	-4%
Rates of withdrawal from service	x2	3,580	0%
Rates of withdrawal from service	x0.5	3,560	0%
Average retirement age	+1 yr	4,010	12%
Average retirement age	-1 yr	3,670	3%

13.3 Provision for Long Service Bonuses

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

The Current-service Cost for the current year is estimated to be R175 000 whereas the Current-service Cost for the next year is estimated to be R186 000.

Comparison of Valuation Assumptions

Assumptions	2023 %	2022 %
Discount rate	10.43%	10.62%
General earnings inflation rate (long-term)	6.26%	7.15%
Net discount rate	3.92%	3.54%

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SA85-90

Withdrawal rates

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55+	0%	0%

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

	2023 R	2022 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1,612,000	1,586,000
	<u>1,612,000</u>	<u>1,586,000</u>
Net liability/(asset)	<u>1,612,000</u>	<u>1,586,000</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1,586,000	1,406,000
Total expenses	86,831	199,585
Current service cost	175,000	149,000
Interest Cost	159,000	132,000
Benefits Paid	(247,169)	(81,415)
Actuarial (gains)/losses	(60,831)	(19,585)
Present value of fund obligation at the end of the year	<u>1,612,000</u>	<u>1,586,000</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2023

Assumption	Change	Liability	% change
Central assumptions		1,612,000	
General eaming inflation rate	+1%	1,716,000	6%
General eaming inflation rate	-1%	1,517,000	-6%
Discount rate	+1%	1,516,000	-6%
Discount rate	-1%	1,719,000	7%
Average retirement age	+2 yrs	1,809,000	12%
Average retirement age	-2 yrs	1,522,000	-6%
Withdrawal rates	x2	1,269,000	-21%
Withdrawal rates	x0.5	1,853,000	15%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	175,000	159,000	334,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General eamings inflation rate	+1%	191,000	170,000	361,000	8%
General eamings inflation rate	-1%	161,000	149,000	310,000	-7%
Discount rate	+1%	162,000	162,000	324,000	-3%
Discount rate	-1%	190,000	154,000	344,000	3%
Average retirement age	+2 yrs	191,000	178,000	369,000	10%
Average retirement age	-2 yrs	162,000	150,000	312,000	-7%
Withdrawal Rate	x2	119,000	123,000	242,000	-28%
Withdrawal Rate	x0.5	219,000	184,000	403,000	21%

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

13. NON-CURRENT EMPLOYEE BENEFITS (*Continue*)

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	186,000	369,000	555,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation rate	+1%	202,000	195,000	397,000	8%
General earnings inflation rate	-1%	171,000	172,000	343,000	-7%
Discount rate	+1%	172,000	186,000	358,000	-3%
Discount rate	-1%	201,000	179,000	380,000	3%
Average retirement age	+2 yrs	202,000	207,000	409,000	11%
Average retirement age	-2 yrs	172,000	172,000	344,000	-7%
Withdrawal Rate	x2	128,000	142,000	270,000	-27%
Withdrawal Rate	x0.5	230,000	212,000	442,000	20%
				2023 R	2022 R

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(60,831)	(41,000)
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The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2021 R	2020 R	2019 R
Liabilities: (Gain) / loss	(63,000)	(12,227)	6,712

13.4 Retirement funds

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

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

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

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

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

	2023 R	2022 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
<u>CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)</u>		
The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 100,0% (30 June 2020 - 100,5%).		
<u>DEFINED CONTRIBUTION FUNDS</u>		
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance		
Consolidated Retirement Fund (previously Cape Joint Retirement Fund) SAMWU National Provident Fund		
Council's contributions paid to all pension funds recognised in the Statement of Financial Performance	2,564,394	2,058,715
14. CONSUMER DEPOSITS		
Electricity	88,909	111,814
Rental Properties	7,488	7,488
Water	551,949	526,328
Posters	4,400	2,400
Hall rentals	4,830	-
Total Consumer Deposits	657,575	648,030
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
15. CURRENT EMPLOYEE BENEFITS		
Staff Bonuses	836,978	673,139
Staff Leave	1,457,468	1,244,399
Current Portion of Non-Current Provisions	445,860	567,000
Current Portion of Post Retirement Benefits - Note 13	268,000	290,000
Current Portion of Ex-Gratia Pension Provisions - Note 13	12,860	-
Current Portion of Long-Service Provisions - Note 13	165,000	277,000
Total Provisions	2,740,306	2,484,539
The movement in current provisions are reconciled as follows:		
15.1 <u>Staff Bonuses</u>		
Balance at beginning of year	673,139	604,821
Contribution to current portion	1,663,368	1,134,738
Expenditure incurred	(1,499,529)	(1,066,419)
Balance at end of year	836,978	673,139
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.		

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

	2023 R	2022 R
15. CURRENT EMPLOYEE BENEFITS (Continue)		
15.2 <u>Staff Leave</u>		
Balance at beginning of year	1,244,399	1,274,108
Contribution to current portion	419,796	350,488
Expenditure incurred	(206,727)	(380,197)
Balance at end of year	<u>1,457,468</u>	<u>1,244,399</u>

Staff leave accrue to employees according to Collective Agreement for Local Government. Provision is made for the full cost of accrued leave at reporting date to a maximum of 48 working days as per the Collective Agreement for Local Government. This provision will be realised as employees take leave. Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's term.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 13 to the Financial Statements.

16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	3,467,867	2,079,183
Salary control accounts	(0)	121,918
Housing	372,001	372,001
Dep Treintjiesrivier	4,000	4,000
Licencing and registration	(5,679)	2,839
Retentions	345,033	636,334
Unallocated deposits	106,849	191,183
Unidentified deposits	4,164	41
Advance payments	1,079,429	1,459,667
Goods Received/Invoice Received	149,985	276,440
Total Trade Payables	<u>5,523,649</u>	<u>5,143,606</u>

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

17. UNSPENT TRANSFERS AND SUBSIDIES

Unspent Transfers and Subsidies	10,300,901	2,916,310
National Government Grants	8,515,657	-
Provincial Government Grants	1,785,243	2,847,060
District Municipality	-	69,250
Less: Unpaid Transfers and Subsidies	(180,000)	(953,002)
Provincial Government Grants	(180,000)	(953,002)
Total Unspent Transfers and Subsidies	<u>10,120,901</u>	<u>1,963,308.63</u>

See appendix "E" for reconciliation of grants from other spheres of government.

The Unspent Grants are cash-backed.

The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

No grants were withheld.

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

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

	2023 R	2022 R
18. VAT RECEIVABLE/(PAYABLE)		
VAT Payable	(2,147,730)	(2,525,273)
VAT Receivable	1,090,074	1,184,721
Net VAT (Payable)/Receivable	<u>(1,057,656)</u>	<u>(1,340,552)</u>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
19. NET ASSET RESERVES		
RESERVES	10,500,000	10,500,000
Capital Replacement Reserve	<u>10,500,000</u>	<u>10,500,000</u>
Total Net Asset Reserve and Liabilities	<u>10,500,000</u>	<u>10,500,000</u>
19.1	The Capital Replacement Reserve is currently earmarked to cover the rehabilitation costs of the landfill	
20. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	5,125,217	5,428,074
Business and Commercial Property	830,429	370,578
Farm Properties	840,261	35,656
Public Service Infrastructure Properties	1,639	-
Residential Properties	3,169,031	5,021,840
State-owned Properties	255,603	-
Multiple Purposes	28,254	-
Less: Revenue Forgone	<u>(51,997)</u>	<u>(1,047,694)</u>
Total Property Rates	<u>5,073,221</u>	<u>4,380,380</u>
<u>Valuations - 1 July 2022</u>		
Rateable Land and Buildings	2,064,918,700	1,986,820,000
Business and Commercial Property	135,553,000	124,842,000
Farm Properties	1,116,761,700	1,059,981,000
Mining Properties	-	2,900,000
Places of Worship	16,710,000	14,860,000
Public Service Infrastructure Properties	84,351,000	43,159,000
Residential Properties	673,628,000	702,100,000
Multiple Purposes	37,325,000	38,908,000
Vacant Land	590,000	70,000
Total Valuation	<u>2,064,918,700</u>	<u>1,986,820,000</u>
<u>Valuations - 1 July 2022</u>		
Per Area: Land and Buildings		
Prince Albert	889,324,000	852,426,000
Leeu-Gamka	32,848,000	32,848,000
Klaarstroom	16,818,000	16,169,000
Welgemoed	9,167,000	9,137,000
Rural	1,116,761,700	1,076,240,000
Total Property Valuations	<u>2,064,918,700</u>	<u>1,986,820,000</u>

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

	2023 R	2022 R
20. PROPERTY RATES (Continue)		
Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. 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. A one year extension have been granted and the new interim valuation for 2023/24 will be implemented.		
Basic Rate	c/R	c/R
Agricultural Property	0.1185 c/R	0.111c/R
Standard property rates excluding agriculture and vacant land	0.64285 c/R	0.559c/R
Vacant land	0.64285 c/R	0.559c/R

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

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

Residential - The first R22 000 on the valuation is exempted.

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

21. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants and Subsidies - Operating	32,853,220	30,740,896
Equitable Share	26,548,000	24,054,000
Local Government Financial Management Grant (FMG)	1,650,000	1,650,000
Municipal Infrastructure Grant (PMU)	160,997	385,900
Expanded Public Works Programme Integrated Grant	1,237,000	1,243,000
Library Grant	1,947,000	2,089,000
WC Capacity building (Bursaries)	214,305	231,046
WC Capacity building (Public Employment Support Grant)	223,774	571,857
Thusong service centre	150,000	-
Community Development Workers	56,000	49,799
Western Cape Financial Management Grant	325,000	100,000
Human Settlements Development Grant	180,000	-
Western Cape - Maintenance of Roads	50,000	-
District Municipality - Community Safety Grant	69,250	330,750
Local Government SETA	41,895	35,545
Government Grants and Subsidies - Capital	6,831,346	12,746,124
Municipal Infrastructure Grant	3,843,421	9,332,100
Water Services Infrastructure Grant	1,987,925	-
Municipal Drought Relief Grant	-	994,227
Regional Socio-economic Project	1,000,000	2,419,797
Total Government Grants and Subsidies	39,684,566	43,487,020

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

	2023 R	2022 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
Included in above are the following grants and subsidies received:		
Unconditional	26,548,000	24,054,000
Equitable Share	26,548,000	24,054,000
Conditional	13,136,566	19,433,020
Local Government Financial Management Grant (FMG)	1,650,000	1,650,000
Expanded Public Works Programme Integrated Grant	1,237,000	1,243,000
Library Grant	1,947,000	2,089,000
WC Capacity building (Bursaries)	214,305	231,046
WC Capacity building (Public Employment Support Grant)	223,774	571,857
Community Development Workers	56,000	49,799
Western Cape Financial Management Grant	325,000	100,000
District Municipality - Community Safety Grant	69,250	330,750
Local Government SETA	41,895	35,545
Municipal Infrastructure Grant	4,004,418	9,718,000
Water Services Infrastructure Grant	1,987,925	-
Western Cape - Maintenance of Roads	50,000	-
Human Settlements Development Grant	180,000	-
Municipal Drought Relief Grant	-	994,227
Regional Socio-economic Project	1,000,000	2,419,797
Total Government Grants and Subsidies	39,684,566	43,487,020

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

Equitable share	26,548,000	24,054,000
Executive & Council	1,382,892	2,841,242
Finance and Administration	2,189,305	1,981,046
Community & Social Services	2,166,250	2,419,750
Planning & Development	56,000	49,799
Road Transport	1,510,774	1,814,857
Water Management	5,831,346	10,326,327
Total Government Grants and Subsidies	39,684,566	43,487,020

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

21.1 Equitable Share		
Grants received	26,548,000	24,054,000
Conditions met - Operating	(26,548,000)	(24,054,000)
Conditions still to be met	-	-

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

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

	2023 R	2022 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.2 <u>Local Government Financial Management Grant (FMG)</u>		
Opening balance	-	-
Grants received	1,650,000	1,650,000
Conditions met - Operating	(1,650,000)	(1,650,000)
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
<p>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</p>		
21.3 <u>Municipal Infrastructure Grant (MIG)</u>		
Opening balance	-	-
Grants received	7,956,000	9,718,000
Conditions met - Operating	(160,997)	(385,900)
Conditions met - Capital	(3,843,421)	(9,332,100)
Conditions still to be met	3,951,582	-
	<u>3,951,582</u>	<u>-</u>
<p>To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.</p>		
21.4 <u>Water Services Infrastructure Grant (WSIG)</u>		
Opening balance	-	-
Grants received	6,552,000	-
Conditions met - Capital	(1,987,925)	-
Conditions still to be met	4,564,075	-
	<u>4,564,075</u>	<u>-</u>

The Water Services Infrastructure Grant is paid by National Treasury to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities.

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

	2023 R	2022 R
21.5 <u>Expanded Public Works Programme Integrated Grant</u>		
Opening balance	-	-
Grants received	1,237,000	1,243,000
Conditions met - Operating	(1,237,000)	(1,243,000)
Conditions still to be met	<u>-</u>	<u>-</u>
<p>To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roadsbasic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure); other economic and social infrastructuretourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; community safety programmes.</p>		
21.6 <u>Western Cape - Maintenance of Roads</u>		
Opening balance	-	-
Grants received	50,000	-
Conditions met - Operating	(50,000)	-
Conditions still to be met	<u>-</u>	<u>-</u>
Grant received to work on roads on behalf of SANRAL.	2023	2022

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

	2023 R	2022 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.7 <u>Library Grant</u>		
Opening balance	-	-
Grants received	1,947,000	2,089,000
Conditions met - Operating	(1,947,000)	(2,089,000)
Conditions still to be met	<u>-</u>	<u>-</u>
<p>To transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.</p>		
21.8 <u>Regional Socio-Economic Projects (RSEP)</u>		
Opening balance	2,275,047	3,694,844
Grants received	-	1,000,000
Repaid to National Revenue Fund	(1,275,047)	-
Conditions met - Capital	(1,000,000)	(2,419,797)
Conditions still to be met	<u>-</u>	<u>2,275,047</u>
<p>To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.</p>		
21.9 <u>WC Capacity building (Bursaries)</u>		
Opening balance	18,954	-
Grants received	300,000	250,000
Repaid to National Revenue Fund	(2,899)	-
Conditions met - Operating	(214,305)	(231,046)
Conditions still to be met	<u>101,750</u>	<u>18,954</u>
<p>The bursary grant is there to encourage local scholars to further their education.</p>		
21.10 <u>WC Capacity building (Public Employment Support Grant)</u>		
Opening balance	223,774	-
Grants received	-	795,631
Conditions met - Operating	(223,774)	(571,857)
Conditions still to be met	<u>-</u>	<u>223,774</u>

The bursary grant is there to encourage local scholars to further their education.

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

	2023 R	2022 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.11 Thusong Service Centre		
Opening balance	-	-
Grants received	150,000	-
Conditions met - Operating	(150,000)	-
Conditions still to be met	<u>-</u>	<u>-</u>
To uphold maintenance of the Thusong centre.		
21.12 WC Capacity building (Sport and Recreation Facilities)		
Opening balance	300,000	-
Grants received	-	300,000
Conditions still to be met	<u>300,000</u>	<u>300,000</u>
DCAS made funds available to build new cloakrooms in Prince Albert.		
21.13 Additional WC Drought relief for backup Generators		
Grants received	175,000	-
Conditions still to be met	<u>175,000</u>	<u>-</u>
To ensure that there is electricity at the water treatment plant when loadshedding is being		
21.14 Community Development Workers		
Opening balance	29,285	22,084
Grants received	56,000	57,000
Repaid to National Revenue Fund	(29,285)	-
Conditions met - Operating	(56,000)	(49,799)
Conditions still to be met	<u>-</u>	<u>29,285</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.15 Municipal Drought Relief Grant		
Opening balance	(953,002)	1,041,225
Grants received	961,495	-
Repaid to National Revenue Fund	-	(1,000,000)
Conditions met - Capital	-	(994,227)
Conditions still to be met	<u>8,493</u>	<u>(953,002)</u>
To ensure that the towns have sufficient water to drink during draughts.		
21.16 Municipal Interventions Grant		
Grants received	1,200,000	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>1,200,000</u>	<u>-</u>
To ensure that the shortcomings of the ICT environment are being addressed as well as promote local economic development by means of a Beehive concept.		

21. GOVERNMENT GRANTS AND SUBSIDIES (*Continue*)

21.17 **Western Cape Financial Management Grant**

Opening balance	-	80,000
Grants received	325,000	100,000
Repaid to National Revenue Fund	-	(80,000)
Conditions met - Operating	(325,000)	(100,000)
Conditions still to be met	-	-

To assist the municipality with the compilation financial reports as legislated by National Treasury.

21.18 **PT - Human Settlements Development Grant**

Opening balance	-	-
Grants received	-	-
Conditions met - Operating	(180,000)	-
Conditions still to be met	(180,000)	-

To assist in erecting a house for a family that lost theirs in a fire.

21.19 **Central Karoo District Municipality**

Opening balance	69,250	400,000
Conditions met - Operating	(69,250)	(330,750)
Conditions still to be met	-	69,250

To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.

21.20 **SETA**

Opening balance	-	-
Grants received	41,895	35,545
Conditions met - Operating	(41,895)	(35,545)
Conditions still to be met	-	-

21.21 **Total Grants**

Opening balance	1,963,309	5,238,153
Grants received	49,149,389	41,292,176
Repaid to National Revenue Fund	(1,307,231)	(1,080,000)
Conditions met - Operating	(32,853,220)	(30,740,896)
Conditions met - Capital	(6,831,346)	(12,746,124)
Conditions still to be met/(Grant expenditure to be recovered)	10,120,901	1,963,309

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	10,300,901	2,916,310
Unpaid Conditional Government Grants and Receipts	(180,000)	(953,002)
Total	10,120,901	1,963,309

22. **SERVICE-IN-KIND**

Public Contributions - Conditional	4,436,593	2,417,849
Total Public Contributions and Donations	4,436,593	2,417,849

Reconciliation of conditional contributions:

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

	2023 R	2022 R
22.1 <u>Allocations in kind - NT contribution on audit fees</u>		
Grants received	1,931,774	1,462,139
Conditions met - Operating	(1,931,774)	(1,462,139)
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
<p>In terms Section 23(5) of the Public Audit Act, National Treasury, in the past, paid any audit fees exceeding 1% of the municipality's operating and capital budgets. National Treasury did not pay the full amounts for 2018/19 to 2022/23. This causes doubt if this outstanding amounts will be paid and if the municipality will receive any assistance in future. No correspondence have been received why National Treasury did not pay the full amount and if any payments will be made in future.</p>		
22.2 <u>Allocations in kind - MISA - Engineering services</u>		
Grants received	1,040,226	955,710
Conditions met - Operating	(1,040,226)	(955,710)
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
<p>The municipality received technical assistance from MISA (Municipal Infrastructure Support Agency). The applicable amount is provided by MISA calculated on the services they rendered to the municipality.</p>		
22.3 <u>Allocations in kind - DBSA - Upgrading and development of Water Services Master Plan</u>		
Grants received	1,026,450	-
Conditions met - Operating	(1,026,450)	-
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
<p>Upgrading and development of Water Services Master Plan (WSMP) and Water Services Development Plan (WSDP) by the Development Bank of South Africa.</p>		
22.4 <u>Allocations in kind - Business Engineering - Ease of doing business</u>		
Grants received	438,143	-
Conditions met - Operating	(438,143)	-
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
<p>Provincial Treasury rolled out a project named 'Ease of doing business' and the municipality were fortunate enough to be selected as a pilot site. No funds flowed to the municipality for the project, but received the benefits thereof. The project focussed mainly on the design of an app for the municipality.</p>		
22.5 <u>Total Conditional Contributions</u>		
Grants received	4,436,593	2,417,849
Conditions met - Operating	(4,436,593)	(2,417,849)
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
23. LICENCES AND PERMITS		
Road and Transport	89,154	137,351
Total Licences and Permits	<u>89,154</u>	<u>137,351</u>
<p><u>Disclosed as follows:</u></p>		
Revenue from Exchange Transactions	89,154	137,351
Total Licences and Permits	<u>89,154</u>	<u>137,351</u>

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

	2023 R	2022 R
24. SERVICE CHARGES		
Electricity	18,441,881	18,916,478
Service Charges	19,537,024	20,608,563
<u>Less:</u> Revenue Forgone	(1,095,142)	(1,692,085)
Water	4,787,099	5,853,722
Service Charges	6,159,939	7,691,283
<u>Less:</u> Revenue Forgone	(1,372,841)	(1,837,561)
Waste Water Management	5,898,145	3,896,878
Service Charges	7,877,153	5,871,276
<u>Less:</u> Revenue Forgone	(1,979,008)	(1,974,398)
Waste Management	2,641,240	1,885,289
Service Charges	4,002,665	3,083,728
<u>Less:</u> Revenue Forgone	(1,361,425)	(1,198,439)
Total Service Charges	31,768,365	30,552,368
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	369,861	272,205
Cemetery and Burial	18,082	20,749
Entrance Fees	19,264	11,676
Fire Services	5,003	23,613
Legal Fees	7,178	-
Photocopies and Faxes	1,672	956
Publications - Charts/Posters	4,559	-
Sale of Goods	-	87
Tender Documents	12,870	8,000
Town Planning and Servitudes	46,950	84,046
Valuation Services	23,906	14,261
Total Sales of Goods and Rendering of Services	509,346	435,593
26. RENT ON LAND		
Land	240,411	201,400
Grazing Fees	240,411	201,400
Total Rent on Land	240,411	201,400
27. RENTAL FROM FIXED ASSETS		
Investment Property	79,224	88,815
Property, Plant and Equipment	359,998	300,684
Total Rental from Fixed Assets	439,222	389,499
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	48,532	19,459
Financial assets	4,022,929	2,327,337
Total Interest Earned - External Investments	4,071,462	2,346,796

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

	2023 R	2022 R
29. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	1,130,959	1,730,930
Total Interest Earned - Outstanding Receivables	1,130,959	1,730,930
30. OPERATIONAL REVENUE		
Administrative Handling Fees	-	69,214
Commission	5,487	7,752
Insurance Refund	78,329	28,380
Total Operational Revenue	83,816	105,346
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	83,816	105,346
Total Operational Revenue	83,816	105,346
31. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	20,470,062	17,449,087
Pension and UIF Contributions	2,749,751	2,218,383
Medical Aid Contributions	721,075	588,973
Overtime	1,502,876	1,159,794
Bonuses	1,511,652	1,134,738
Motor Vehicle Allowance	371,694	213,312
Cell Phone Allowance	270,444	185,731
Housing Allowances	81,953	59,800
Other benefits and allowances	1,082,518	814,908
Payments in lieu of leave	419,796	350,488
Workmen's Compensation Fund	150,000	150,000
Post-retirement Benefit Obligations	984,740	987,991
Medical - Note 13.1	647,000	705,665
Current Service Cost	105,000	90,665
Interest Cost	542,000	615,000
Ex-Gratia Pension - Note 13.2	3,740	1,326
Interest Cost	3,740	1,326
Long Service Awards - Note 13.3	334,000	281,000
Current service cost	175,000	149,000
Interest cost	159,000	132,000
	30,316,560	25,313,205
Total Employee Related Costs	30,316,560	25,313,205
31. EMPLOYEE RELATED COSTS (Continue)		
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Ms A Vorster</i>		
Basic Salary	-	266,349
Pension and UIF Contributions	-	50,527
Motor Vehicle Allowance	-	60,000
Cell Phone Allowance	-	12,000
Total	-	388,876

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

	2023 R	2022 R
Remuneration of acting Municipal Manager Mr. N Van Stade		
Basic Salary	172,449	-
Total	172,449	-
Remuneration of the Municipal Manager - Mr A Hendricks		
Basic Salary	1,000,695	633,752
Motor Vehicle Allowance	180,000	120,000
Cell Phone Allowance	36,000	24,000
Total	1,216,695	777,752
Remuneration of the Chief Financial Officer - Mr PW Erasmus		
Basic Salary	892,627	241,047
Medical Aid Contributions	54,079	8,764
Cell Phone Allowance	30,000	8,120
Total	976,707	257,931
Remuneration of Director : Technical Services - Mr Z Nongene		
Basic Salary	71,839	-
Medical Aid Contributions	3,828	-
Motor Vehicle Allowance	11,000	-
Cell Phone Allowance	2,500	-
Total	89,167	-

32. REMUNERATION OF COUNCILLORS

Mr G Lottering	-	303,276
Ms S Piedt	-	147,417
Ms E Maans	307,301	624,293
Mr S Botes	377,199	364,451
Ms MD Jaftha	719,301	658,062
Ms K Jaquet	692,615	316,933
Mr SD Koonthea	307,301	299,491
Mr. A Mackay	307,301	245,572
Mr K Baaidjies	307,301	194,907
Total Councillors' Remuneration	3,018,319	3,154,402

Remuneration paid to Councillors can be summarised as follow:

	Salary	Other Allowances	Cell Phone & Data Allowances	Total
Executive Mayor / Mayor	541,630	102,986	48,000	692,616
Deputy-Mayor	276,979	55,819	44,400	377,199
Speaker	554,344	120,557	44,400	719,301
Councillors	862,004	193,142	174,058	1,229,204
Total Councillors' Remuneration	2,234,957	472,505	310,858	3,018,319

In-kind Benefits

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

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

	2023 R	2022 R
33. CONTRACTED SERVICES		
Outsourced Services	1,752,133	1,285,685
Business and Advisory	69,966	16,913
Clearing and Grass Cutting Services	303,077	123,335
Internal Auditors	852,423	603,427
Security Services	46,945	21,192
Electrical	479,721	520,819
Consultants and Professional Services	3,607,746	2,997,287
Business and Advisory	2,339,583	1,880,296
Accounting and Auditing	1,063,066	1,205,639
Audit Committee	85,803	73,605
Medical Examinations	23,128	-
Organisational	22,856	-
Research and Advisory	1,050,206	15,012
Valuer and Assessors	94,524	586,040
Infrastructure and Planning	1,156,211	1,042,667
Land and Quantity Surveyors	1,156,211	1,042,667
Laboratory Services	37,672	36,288
Water	37,672	36,288
Legal Cost	74,279	38,037
Legal Advice and Litigation	74,279	38,037
Contractors	1,823,117	1,931,578
Bore Waterhole Drilling	-	21,611
Maintenance of Buildings and Facilities	589,021	563,871
Maintenance of Equipment	702,219	784,283
Maintenance of Unspecified Assets	531,877	561,812
Total Contracted Services	7,182,995	6,214,550
34. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	6,995,948	5,358,670
Intangible Assets	91,040	26,337
Investment Property carried at cost	6,694	6,781
Total Depreciation and Amortisation	7,093,682	5,391,788
35. FINANCE COSTS		
Long-term Borrowings	5,508	13,408
Non-current Provisions	2,091,974	1,926,942
Payables	1,271	-
Total Finance Costs	2,098,753	1,940,350
36. BULK PURCHASES		
Electricity	16,197,184	15,796,235
Total Bulk Purchases	16,197,184	15,796,235

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

	2023 R	2022 R
37. TRANSFERS AND SUBSIDIES		
Operational	704,305	621,046
Monetary Allocations	704,305	621,046
Households	214,305	231,046
Non-profit Institutions	490,000	390,000
Total Transfers and Subsidies	704,305	621,046
38. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	131,650	205,755
Audit Fees	2,875,013	2,404,243
Bank Charges, Facility and Card Fees	215,444	240,281
Bursaries (Employees)	75,000	-
Cleaning Services	3,694	2,609
Commission	363,201	394,758
Communication	730,739	809,674
Deeds	19,115	14,443
Entertainment	56,261	97,483
External Computer Service	2,964,603	2,591,912
Hire Charges	17,780	20,074
Insurance Underwriting	631,294	582,092
Levies Paid - Water Resource Management Charges	55,231	27,000
Licences	102,298	58,141
Municipal Services	787,913	688,218
Printing, Publications and Books	347,781	310,341
Professional Bodies, Membership and Subscription	506,453	506,815
Remuneration to Ward Committees	204,655	154,047
Skills Development Fund Levy	224,179	179,203
Travel and Subsistence	1,123,745	853,662
Uniform and Protective Clothing	105,615	91,914
Vehicle Tracking	49,396	43,281
Wet Fuel	2,478,104	1,422,400
Total Operational Costs	14,069,163	11,698,346
39. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 8	12,445,890	(3,005,552)
Receivables from Non-exchange Revenue - Note 9	(8,807,590)	(6,919,671)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	3,638,300	(9,925,224)
40. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	-	(448,740)
Total Gains/ (Loss) on Sale of Fixed Assets	-	(448,740)
41. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS		
Reversal of impairment loss on Fixed Assets	(1,986,875)	486,727
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	(1,986,875)	486,727

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

	2023 R	2022 R
42. WATER LOSSES		
Real Losses	993,651	1,053,951
Total Water Losses	993,651	1,053,951
43. CORRECTION OF ERROR IN TERMS OF GRAP 3		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
		2022 R
43.1 Property, Plant and Equipment		
Balance previously reported		175,673,249
Cost		528,927
First time recognitions - land		53,000
First time recognitions - computer equipment		8,829
First time recognitions - furniture and office equipment		28,253
First time recognitions - machinery and equipment		51,823
A new electrical substation was installed by the developer of the U-Save shopping centre. The municipality had to contribute one third of the cost after which the substation was donated to the municipality		281,901
Computer equipment acquisitions during 2021/22 were incorrectly recognised as intangible assets during 2021/22		105,122
Accumulated Depreciation		(37,639)
Recognition of depreciation on first time recognitions - computer equipment		(1,962)
Recognition of depreciation on first time recognitions - furniture and office equipment		(4,676)
Recognition of depreciation on first time recognitions - machinery and equipment		(11,994)
Re-calculation of depreciation due to unbundling - Roads infrastructure		(502)
Re-calculation of depreciation due to unbundling - Storm water infrastructure		(137)
Re-calculation of depreciation due to unbundling - Electrical infrastructure		(211)
Re-calculation of depreciation due to unbundling - Water supply infrastructure		(8,293)
Re-calculation of depreciation due to unbundling - Sanitation infrastructure		(9,864)
Restated Balance		176,164,538
43.2 Intangible assets		
Balance previously reported		632,173
Computer equipment acquisitions during 2021/22 were incorrectly recognised as intangible assets during 2021/22		(105,122)
Restated Balance		527,052
43.3 Current Receivables from Exchange Transactions		
Balance previously reported		5,767,206
Rental income incorrectly levied in the current financial year that relates to the prior years		381,456
Restated Balance		6,148,662
43.4 Trade and Other Payables from Exchange Transactions		
Balance previously reported		4,735,945
Backpay of Councillors iro 2021/22 paid during 2022/23		58,532
Backpay of salary increases for Municipal Manager		37,299
Backpay of salary increases for Chief Financial Officer		9,487
Re-payment of fine reduced issued during 2021/22		200
Re-payment of hall rental received during 2021/22		250
Advertisement for tenders iro 2021/22 paid during 2022/23		2,850
Advertisement for staf recruitment iro 2021/22 paid during 2022/23		1,955
Internal audit fees iro 2021/22 paid during 2022/23		62,091
Traffic fine received during 2021/22 re-paid during 2022/23		600
Invoice for electrical services during 2021/22 paid during 2022/23		52,038
Invoice for cleaning materials for 2021/22 paid during 2022/23		3,011
Invoices for cleaning materials for 2021/22 paid during 2022/23		2,692
Advertisement iro 2021/22 paid during 2022/23		240
Invoices for office essentials iro 2021/22 paid during 2022/23		3,377
A new electrical substation was installed by the developer of the U-Save shopping centre. The municipality agreed to contribute one third of the cost after which the substation was donated to the municipality. The invoice was dated during 2021/22, but was paid during 2022/23		124,271
Correction of Salary control account - Post retirement Benefit that is incorrectly billed for 19-20 & 2020-2021		23,564
Backpay to councillors for cell phone allowances and data bundles iro 2021/22 paid during		25,205
Restated Balance		5,143,606

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

		2022 R
43.5	Taxes	
	Balance previously reported	1,373,429
	Re-payment of VAT on hall rental received during 2021/22	(33)
	VAT payable on payment for advertisement for tenders iro 2021/22 paid during 2022/23	(372)
	VAT payable on advertisement for staff recruitment iro 2021/22 paid during 2022/23	(255)
	VAT payable on internal audit fees iro 2021/22 paid during 2022/23	(8,099)
	VAT payable on electrical services during 2021/22 paid during 2022/23	(6,788)
	VAT payable on invoice for cleaning materials for 2021/22 paid during 2022/23	(393)
	VAT payable on invoices for cleaning materials for 2021/22 paid during 2022/23	(341)
	VAT payable on municipality's contribution to a new electrical substation at the U-Save shopping centre. The invoice was dated during 2021/22, but was paid during 2022/23.	(16,209)
	VAT payable on advertisement iro 2021/22 paid during 2022/23	(388)
	Restated Balance	1,340,552
43.6	Accumulated Surplus/(Deficit)	
	Balance previously reported	194,337,646
	Installation on new electrical substation during 2021/22 recognised during 2022/23	173,839
	First time recognitions - land	53,000
	First time recognitions - computer equipment	8,829
	First time recognitions - furniture and office equipment	28,253
	First time recognitions - machinery and equipment	51,823
	Recognition of depreciation on first time recognitions - computer equipment	(1,962)
	Recognition of depreciation on first time recognitions - furniture and office equipment	(4,676)
	Recognition of depreciation on first time recognitions - machinery and equipment	(11,994)
	Re-calculation of depreciation due to unbundling - Roads infrastructure	(502)
	Re-calculation of depreciation due to unbundling - Storm water infrastructure	(137)
	Re-calculation of depreciation due to unbundling - Electrical infrastructure	(211)
	Re-calculation of depreciation due to unbundling - Water supply infrastructure	(8,293)
	Re-calculation of depreciation due to unbundling - Sanitation infrastructure	(9,864)
	Backpay of Councillors iro 2021/22 paid during 2022/23	(58,532)
	Backpay of salary increases for Municipal Manager	(37,299)
	Backpay of salary increases for Chief Financial Officer	(9,487)
	Re-payment of fine reduced issued during 2021/22	(200)
	Re-payment of hall rental received during 2021/22	(217)
	Advertisement for tenders iro 2021/22 paid during 2022/23	(2,478)
	Advertisement for staff recruitment iro 2021/22 paid during 2022/23	(1,700)
	Internal audit fees iro 2021/22 paid during 2022/23	(53,992)
	Traffic fine received during 2021/22 re-paid during 2022/23	(600)
	Invoice for electrical services during 2021/22 paid during 2022/23	(45,250)
	Invoice for cleaning materials for 2021/22 paid during 2022/23	(2,618)
	Invoices for cleaning materials for 2021/22 paid during 2022/23	(2,350)
	Advertisement iro 2021/22 paid during 2022/23	(240)
	Invoices for office essentials iro 2021/22 paid during 2022/23	(2,989)
	Rental income from Sassa received, but never levied. Corrected in 2022/23, but funds relate to previous year	121,588
	Rental income from Sassa received, but never levied. Corrected in 2022/23, but funds relate to prior year(s)	259,868
	Correction of Salary control account - Post retirement Benefit that is incorrectly billed for 19-20 & 2020-2021	-
	Backpay to councillors for cell phone allowances and data bundles iro 2021/22 paid during	(25,205)
	Total	194,754,048
43.7	Capital commitments - Infrastructure Assets (Note 2.9)	
	Balance previously reported	285,355
	Plus: Construction of new sidewalks in North-end incorrectly disclosed as Community Assets	2,493,279
	Restated Balance	2,778,634
43.8	Capital commitments - Community Assets (Note 2.9)	
	Balance previously reported	2,493,279
	Plus: Construction of new sidewalks in North-end incorrectly disclosed as Community Assets	(2,493,279)
	Restated Balance	-

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

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43. CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continue)

43.9 Financial instruments - Financial Assets (Note 52.1)

Receivables from Exchange Transactions

Balance previously reported	79,565,777
Plus: Abeyance debtors omitted from previous reported amount	1,964,928
Rental income from Sassa received, but never levied. Corrected in 2022/23, but funds relate to previous year	121,588
Rental income from Sassa received, but never levied. Corrected in 2022/23, but funds relate to prior year(s)	259,868
Goods Received / Invoices received not disclosed in note 52.2	149,985
Restated Balance	82,062,145

Financial Instruments at amortised cost:

Balance previously reported	79,565,777
Plus: Abeyance debtors omitted from previous reported amount	1,964,928
Rental income from Sassa received, but never levied. Corrected in 2022/23, but funds relate to previous year	121,588
Rental income from Sassa received, but never levied. Corrected in 2022/23, but funds relate to prior year(s)	259,868
Goods Received / Invoices received not disclosed in note 52.2	149,985
Restated Balance	82,062,145

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates	20	4,380,380	-	4,380,380
Government Grants and Subsidies - Operating	21	30,740,896	-	30,740,896
Government Grants and Subsidies - Capital	21	12,746,124	-	12,746,124
Service in kind	22	2,417,849	-	2,417,849
Contributed Property, Plant and Equipment		-	173,839	173,839
Actuarial Gains	13	1,717,585	-	1,717,585
Fines, Penalties and Forfeits		6,910,063	(800)	6,909,263
Interest Earned - Non-exchange Transactions		201,975	-	201,975
Service Charges	24	30,552,368	-	30,552,368
Sales of Goods and Rendering of Services	25	435,593	-	435,593
Rent on Land	26	201,400	-	201,400
Rental from Fixed Assets	27	268,128	121,371	389,499
Interest Earned - External Investments	28	2,346,796	-	2,346,796
Interest Earned - Exchange Transactions	29	1,730,930	-	1,730,930
Licences and Permits from Exchange Transactions	23	137,351	-	137,351
Agency Services		285,790	-	285,790
Operational Revenue	30	105,346	-	105,346
Total		95,178,574	294,409	95,472,983
Expenditure				
Employee related costs	31	25,266,418	46,787	25,313,205
Remuneration of Councillors	32	3,141,826	83,737	3,225,563
Bad Debts Written Off	33	1,046,392	-	1,046,392
Contracted Services		6,147,067	67,483	6,214,550
Depreciation and Amortisation	34	5,363,450	28,338	5,391,788
Finance Costs	35	1,940,350	-	1,940,350
Bulk Purchases	36	15,796,235	-	15,796,235
Inventory Consumed	7	532,751	39,717	572,468
Transfers and Subsidies	37	621,046	-	621,046
Operational Costs	38	11,693,928	4,418	11,698,346
Reversal of Impairment Loss/(Impairment Loss) on Receivables	39	9,925,224	-	9,925,224
Total		81,646,091	270,480	81,916,571
Gains and Losses				
Gains/(Loss) on Sale of Fixed Assets	40	(448,740)	-	(448,740)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	41	486,727	-	486,727
Total		37,987	-	37,987
Net Surplus/(Deficit) for the year		13,570,470	23,930	13,594,399

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

	2023 R	2022 R
44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	620,702	13,594,399
Adjustments for:		
Depreciation and Amortisation	7,093,682	5,391,788
Loss/(Gain) on Sale of Fixed Assets	-	448,740
Impairment Loss/(Reversal of Impairment Loss)	(3,638,300)	9,925,224
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	1,986,875	(486,727)
Government Grants and Subsidies received	49,149,389	41,292,176
Government Grants and Subsidies recognised as revenue	(39,684,566)	(43,487,020)
Repayment of unspent grants	(1,307,231)	(1,080,000)
Contributed asset		(173,839)
Contribution to provisions – Non-Current Provisions	2,093,245	1,926,942
Contribution from/to provisions - Non-Current Employee Benefits	482,701	272,005
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(706,531)	(1,546,180)
Contribution from/to - Current Employee Benefits	376,907	207,175
Bad Debts written off	18,210,309	1,046,392
Operating lease income accrued	12,848	(6,408)
Operating Surplus/(Deficit) before changes in working capital	34,690,031	27,324,667
Changes in working capital	(16,393,804)	(20,045,587)
Increase/(Decrease) in Trade and Other Payables	378,772	(7,857,728)
Increase/(Decrease) in Taxes	(282,896)	948,653
(Increase)/Decrease in Inventory	(172,441)	58,695
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(7,017,816)	(6,274,407)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(9,308,969)	(6,979,635)
Increase/(Decrease) in Consumer deposits	9,545	58,834
Cash generated/(absorbed) by operations	18,296,226	7,279,080
45. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 10	458,559	1,499,970
Cash Floats - Note 10	5,987	4,416
Total cash and cash equivalents	464,546	1,504,385
46. SHORT-TERM DEPOSITS		
Call Deposits and Investments - Note 10	51,930,877	44,356,630
47. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 45	464,546	1,504,385
Short-term Deposits - Note 45	51,930,877	44,356,630
Less:	(11,358,556)	(4,256,862)
Unspent Transfers and Subsidies - Note 17	(10,300,901)	(2,916,310)
VAT - Note 18	(1,057,656)	(1,340,552)
Net cash resources available for internal distribution	41,036,866	41,604,153
Allocated to:		
Capital Replacement Reserve	(10,500,000)	(10,500,000)
Resources available for working capital requirements	30,536,866	31,104,153

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

	2023 R	2022 R
48. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 11	43,042	141,375
Used to finance property, plant and equipment - at cost	(43,042)	(141,375)
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

49.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	4,672,507	1,079,611
Restated opening balance	4,672,507	1,079,611
Unauthorised expenditure current year - operational	7,727,404	4,672,507
Written off by Council	(4,672,507)	(1,079,611)
Current	-	-
Prior Period	(4,672,507)	(1,079,611)
Unauthorised expenditure awaiting authorisation	7,727,404	4,672,507

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
<i>Over expenditure of approved budget - Vote 4: Director Community Services. The main contributor to the over spending of the budget was the contribution calculated for provision of traffic fines. Due to the Covid-19 pandemic recoveries on traffic fines were much lower than anticipated, resulting in a much higher contribution for the provision of impairment. (Budget R650 000 vs Actual R6 339 088). Council do not have sufficient funding available to provide for the full provision as can be seen from the annual financial statements since I-GRAP 1 have been introduced.</i>	None	7,727,404	4,381,360
<i>Over expenditure of approved budget - Vote 2: Financial services. The service in kind portion of the audit fees to the Auditor General lead a higher than originally budgeted for non-cash portion than anticipated. Better controls will be put in place to ensure that the discounting of the landfill site are better budgeted for.</i>		-	291,148
		7,727,404	4,672,507

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

	2023 R	2022 R
The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:		
Non-cash items	7,727,404	4,672,507
	<u>7,727,404</u>	<u>4,672,507</u>
<u>Analysed as follows: Non-cash</u>		
Impairment Losses	7,727,404	4,672,507
	<u>7,727,404</u>	<u>4,672,507</u>

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

	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Vote 1 - Executive and Council	7,264,364	7,562,577	298,213	-
Vote 2 - Director Finance	15,318,002	16,475,844	1,157,842	-
Vote 3 - Director Corporate	8,354,170	8,504,232	150,062	-
Vote 4 - Director Community	15,470,305	7,742,901	(7,727,404)	7,727,404
Vote 5 - Director Technical Services	49,274,205	57,723,009	8,448,804	-
	<u>95,681,046</u>	<u>98,008,563</u>	<u>2,327,517</u>	<u>7,727,404</u>

49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED
(Continue)

	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
<u>Unauthorised expenditure current year - capital</u>				
Vote 2 - Director Finance	2,671,940	2,773,000	101,060	-
Vote 4 - Director Community	770,018	2,993,189	2,223,171	-
Vote 5 - Director Technical Services	8,221,619	14,484,488	6,262,869	-
	<u>11,663,577</u>	<u>20,250,677</u>	<u>8,587,100</u>	<u>-</u>

49.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2023 R	2022 R
Opening balance	107,354	93,716
Restated opening balance	107,354	93,716
Fruitless and wasteful expenditure current year	-	13,639
Written off by Council	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting further action	<u>107,354</u>	<u>107,354</u>

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

	2023 R	2022 R
Fruitless and wasteful expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
<i>Interest on a payment of legal fees</i>	<i>None</i>	
<i>Interest on late payment of contributions to Workmans Compensation Fund. The municipality is in consultation with the Workmans Compensation Fund to write off the interest charges on overdue accounts. Said amount have been escalated to MPAC.</i>	107,354	107,354
	<u>107,354</u>	<u>107,354</u>

49.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	76,223	842,695
Restated opening balance	76,223	842,695
Irregular expenditure current year	1,694,266	76,223
Expenditure written off i.t.o. Section 32 of MFMA	(76,223)	(842,695)
Current	-	(842,695)
Prior Period	(76,223)	-
Irregular expenditure awaiting further action	<u>1,694,266</u>	<u>76,223</u>

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
<i>Non-compliance with MSCM Regulation 32 - Royal Haskoning DHV</i>	<i>None</i>	
<i>Non-compliance with SCM Regulations in payments made to a service provider above the contract amount.</i>	166,571	76,223
<i>Non-compliance with the Preferential Procurement Regulations of 2022 in payments made to service providers between R 2 000.00 and R 30 000.00 from 16 January 2023 to 30 June 2023.</i>	<i>No steps will be taken until further clarification have been received from National Treasury on the stance.</i>	
	1,527,695	
	<u>1,694,266</u>	<u>76,223</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA, except for the non-compliance on PPR. No steps have been taken at this stage to recover any

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

	2023 R	2022 R
50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
50.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)		
Council subscriptions	500,000	500,000
Amount paid - current year	<u>(500,000)</u>	<u>(500,000)</u>
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>
50.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	4,730,122	3,681,335
Restated opening balance	4,730,122	3,681,335
Current year audit fee	2,875,013	2,780,109
External Audit - Auditor-General - payable by municipality	943,239	1,098,649
External Audit - Auditor-General - payable by National Treasury	1,931,774	1,681,460
Amount paid - current year	(943,239)	(1,731,323)
External Audit - Auditor-General - paid by municipality	(943,239)	(1,098,649)
External Audit - Auditor-General - paid by National Treasury	-	(632,674)
Amount paid - previous year	-	-
External Audit - Auditor-General - paid by National Treasury	-	-
Balance unpaid	<u><u>6,661,895</u></u>	<u><u>4,730,122</u></u>
In terms Section 23(5) of the Public Audit Act, National Treasury, in the past, paid any audit fees exceeding 1% of the municipality's operating and capital budgets. National Treasury did not pay the full amounts for 2018/19 to 2020/21. This causes doubt if this outstanding amounts will be paid and if the municipality will receive any assistance in future. No correspondence have been received why National Treasury did not pay the full amount and if any payments will be made in future.		
50.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	1,340,552	391,899
VAT inputs	5,648,103	7,244,620
VAT outputs	(5,140,414)	(3,865,552)
Paid	409,973	596,803
Received	<u>(1,200,557)</u>	<u>(3,027,218)</u>
Closing balance	<u><u>1,057,656</u></u>	<u><u>1,340,552</u></u>

VAT is payable on the receipt basis. Only once payment is received from the debtors, VAT is payable to SARS. All VAT returns have been submitted by the due date throughout the year.

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

	2023 R	2022 R
50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continue)		
50.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Current year payroll deductions	4,665,456	3,684,429
Amount paid - current year	(4,665,456)	(3,684,429)
Balance unpaid (included in creditors)	-	-
50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Current year payroll deductions and Council Contributions	5,653,837	4,765,024
Amount paid - current year	(5,653,837)	(4,765,024)
Balance unpaid (included in creditors)	-	-
50.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
The following Councillors had arrear accounts outstanding for more than 90 days during the year.		
	90+ Days	120+ Days
<i>K Baaidjies</i>	265	29,140
50.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005		
Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):		
30 June 2023		Type of Deviation
	Amount	Impractical/ Impossible
		Emergency
Vanessa Botha	2,500	2,500
Arena Holdings	26,826	26,826
Bailey & Le Roux Surveyors	5,720	5,720
DDP Values	47,695	47,695
CVW Consulting Engineers	35,000	35,000
Specialist systems Engineering	54,020	54,020
Golden Dividend 536	23,530	23,530
Payday Software Systems	11,410	11,410
MDL Engineering Company	29,950	29,950
Weidebosch Development Trust	108,062	108,062
Jan Abraham Nel	40,229	-
	384,942	344,713
		40,229

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

30 June 2022

	Amount	Type of Deviation	
		Impractical/ Impossible	Emergency
Uber Technologies	2,241	2,241	-
Arena Holdings	36,294	36,294	-
De Jagers Loodgieter Kontrakteurs	120,000	120,000	-
A.L. Abbott And Associates	2,984	2,984	-
Jan Abraham Nel	39,560	39,560	-
Tiptol Vervoer CC	8,050	8,050	-
Uber Technologies	49,089	-	49,089
Arena Holdings	14,518	14,518	-
Total	272,736	223,647	49,089

50.8 Material losses

Electricity distribution losses

Units purchased (Kwh)	9,274,705	10,437,181
Units lost during distribution (Kwh)	1,580,359	1,782,723
Percentage lost during distribution	17.04%	17.08%
Distribution loss (Rand Value)	2,678,412	2,562,164

Water distribution losses

Units purified (kl)	651,739	623,621
Units lost during distribution (kl)	162,533	177,732
Percentage lost during distribution	24.94%	28.50%
Distribution loss (Rand Value)	993,651	1,053,951

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

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

50.9 Awards to suppliers with close relations to people in the service of the state

The following suppliers indicated that a family member is in service of the state as required of Section 45 of the Supply Chain Management Regulations

2022/23 Contracts awarded

Company name	Related person	Company capacity	Capacity	Relationship	State department	Payments
Jan Abraham Nel	M Nel	Owner	Teacher	Spouse	WCED	R 677,510
C & C Catering	N Jantjies	Director	PAM Empl.	Daughter	PAM	2,700
Andi Gardem Services	S Vn Rooi	Owner	Teacher	Spouse	WCED	180,000

2021/22 Contracts awarded

Company name	Related person	Company capacity	Capacity	Relationship	State department	Payments
Jan Abraham Nel	M Nel	Owner	Teacher	Spouse	WCED	R 866,649
C & C Catering	N Jantjies	Director	PAM Empl.	Daughter	PAM	5,850

51. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

	2023 R	2022 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
0.5% (2022: 0.5%) Increase in interest rates	261,762	228,598
0.25% (2022: 0.25%) Decrease in interest rates	(130,881)	(114,299)

(d) Credit Risk

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

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

51. FINANCIAL RISK MANAGEMENT (Continue)

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

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 8 and 9 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

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

	2023 %	2023 R	2022 %	2022 R
<u>Exchange Receivables</u>				
Electricity	10.53%	2,616,766	5.96%	2,149,872
Water	29.24%	7,268,619	48.99%	17,660,334
Property Rentals	2.92%	726,549	1.48%	533,421
Waste Management	12.63%	3,140,882	11.13%	4,011,869
Waste Water Management	20.58%	5,115,146	17.15%	6,183,856
Debtors VAT Portion	8.64%	2,146,973	7.36%	2,654,496
Abeyance	6.39%	1,589,416	5.45%	1,964,928
Other	9.07%	2,254,299	2.48%	892,370
	<u>100.00%</u>	<u>24,858,651</u>	<u>100.00%</u>	<u>36,051,145</u>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 and 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included prime + 2% where applicable.

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

51. FINANCIAL RISK MANAGEMENT (Continue)

<u>Exchange Receivables</u>				
Services	100.00%	17,456,593	100.00%	29,902,483
	<u>100.00%</u>	<u>17,456,593</u>	<u>100.00%</u>	<u>29,902,483</u>

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

	2023 %	2023 R	2022 %	2022 R
Government	0.00%	-	0.00%	-
Industrial	3.70%	645,682	2.60%	778,940
Residential	96.30%	16,810,911	97.40%	29,123,543
Indigents	0.00%	-	0.00%	-
	<u>100.00%</u>	<u>17,456,593</u>	<u>100.00%</u>	<u>29,902,483</u>

<u>Ageing of amounts past due but not impaired are as follow:</u>	Exchange Receivables
2023	
1 month past due	1,167,789
2+ months past due	6,234,269
	<u>7,402,058</u>
2022	
1 month past due	2,587,092
2+ months past due	3,561,570
	<u>6,148,662</u>

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

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

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

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

	2023 R	2022 R
51. FINANCIAL RISK MANAGEMENT (Continue)		
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	24,858,651	36,051,145
Cash and Cash Equivalents	458,559	1,499,970
Short-term investments	51,930,877	44,356,630
	<u>77,248,087</u>	<u>81,907,745</u>

(e) Liquidity Risk

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

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2023				
Long-term Liabilities	43,042	-	-	-
Trade and Other Payables	5,523,649	-	-	-
	<u>5,566,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2022				
Long-term Liabilities	105,115	43,798	-	-
Trade and Other Payables	5,143,606	-	-	-
	<u>5,248,721</u>	<u>43,798</u>	<u>-</u>	<u>-</u>

52. FINANCIAL INSTRUMENTS

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

52.1 Financial Assets

Classification

		2023 R	2022 R
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	2,616,766	2,149,872
Water	Financial Instruments at amortised cost	7,268,619	17,660,334
Property Rentals	Financial Instruments at amortised cost	726,549	533,421
Waste Management	Financial Instruments at amortised cost	3,140,882	4,011,869
Waste Water Management	Financial Instruments at amortised cost	5,115,146	6,183,856
Debtors VAT Portion	Financial Instruments at amortised cost	2,146,973	2,654,496
Abeysance	Financial Instruments at amortised cost	1,589,416	1,964,928
Other Arrears	Financial Instruments at amortised cost	2,254,299	892,370
Cash and Cash Equivalents / Short term investments			
Bank Balances	Financial Instruments at amortised cost	458,559	1,499,970
Short term investment	Financial Instruments at amortised cost	51,930,877	44,356,630
Cash on hand	Financial Instruments at amortised cost	5,987	4,416
Total Financial Assets		<u>77,254,074</u>	<u>81,912,161</u>

SUMMARY OF FINANCIAL ASSETS

Financial Instruments at amortised cost:

Receivables from Exchange Transactions	Electricity	2,616,766	2,149,872
Receivables from Exchange Transactions	Water	7,268,619	17,660,334
Receivables from Exchange Transactions	Property Rentals	726,549	533,421
Receivables from Exchange Transactions	Waste Management	3,140,882	4,011,869
Receivables from Exchange Transactions	Waste Water Management	5,115,146	6,183,856
Receivables from Exchange Transactions	Debtors VAT Portion	2,146,973	2,654,496
Receivables from Exchange Transactions	Abeysance	1,589,416	1,964,928
Receivables from Exchange Transactions	Other Arrears	2,254,299	892,370
Cash and Cash Equivalents	Bank Balances	458,559	1,499,970
Cash and Cash Equivalents	Call Deposits	51,930,877	44,356,630
Cash and Cash Equivalents	Cash on hand	5,987	4,416
		<u>77,254,074</u>	<u>81,912,161</u>
Total Financial Assets		<u>77,254,074</u>	<u>81,912,161</u>

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

52.2 <u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	43,042	141,375
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	3,467,867	2,079,183
Salary control accounts	Financial Instruments at amortised cost	(0)	121,918
Housing	Financial Instruments at amortised cost	372,001	372,001
Dep Treintjiesrivier	Financial Instruments at amortised cost	4,000	4,000
Licencing and registration	Financial Instruments at amortised cost	(5,679)	2,839
Retentions	Financial Instruments at amortised cost	345,033	636,334
Unallocated deposits	Financial Instruments at amortised cost	106,849	191,183
Unidentified deposits	Financial Instruments at amortised cost	4,164	41
Advance payments	Financial Instruments at amortised cost	1,079,429	1,459,667
Goods Received / Invoices received	Financial Instruments at amortised cost	149,985	276,440
		5,566,691	5,284,981

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:

Long-term Liabilities	Capitalised Lease Liability	43,042	141,375
Trade and Other Payables	Trade Payables	3,467,867	2,079,183
Trade and Other Payables	Salary control account	(0)	121,918
Trade and Other Payables	Housing	372,001	372,001
Trade and Other Payables	Dep Treintjiesrivier	4,000	4,000
Trade and Other Payables	Licencing and registration	(5,679)	2,839
Trade and Other Payables	Retentions	345,033	636,334
Trade and Other Payables	Unallocated deposits	106,849	191,183
Trade and Other Payables	Unidentified deposits	4,164	41
Trade and Other Payables	Advance payments	1,079,429	1,459,667
Other liabilities	Consumer deposits	68,380	123,880
Other liabilities	Unspent Grants	4,882,749	(14,549,304)
Goods Received / Invoices received	Trade Payables	149,985	276,440
		5,566,691	5,284,981

53. STATUTORY RECEIVABLES

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

Taxes

VAT Receivable	-	-
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Receivables from Non-Exchange Transactions

Rates	2,753,485	2,407,923
Fines	54,533,421	45,570,014

Total Statutory Receivables (before provision)

57,286,906 **47,977,937**

Less: Provision for Debt Impairment

(56,336,910) (47,529,320)

Total Statutory Receivables (after provision)

949,995 **448,617**

Statutory Receivables arises from the following legislation:

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

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

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

	2023 R	2022 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	236,199	213,532
31 - 60 Days	106,539	698,564
61 - 90 Days	76,724	79,764
+ 90 Days	2,334,024	1,416,064
Total	<u>2,753,485</u>	<u>2,407,923</u>

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	47,529,320	40,609,649
Contribution to provision	8,807,590	6,919,671
Balance at end of year	<u>56,336,910</u>	<u>47,529,320</u>

Ageing of amounts past due and impaired:

1 month past due		
2+ months past due	56,336,910	47,529,320
	<u>56,336,910</u>	<u>47,529,320</u>

Ageing of amounts past due but not impaired:

1 month past due	713,797	235,085
2+ months past due	236,199	213,532
	<u>949,995</u>	<u>448,617</u>

Interest Received from Statutory Receivables

Receivables from Non-Exchange Transactions	186,024	201,975
	<u>186,024</u>	<u>201,975</u>

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

Exemptions taken for Statutory Receivables according to Directive 4 - Transitional Provisions for

54. IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

Organisation	Contribution towards:		
National Treasury	Contribution towards audit fees	1,931,774	1,462,139
Business Engineering (Ease of Doing business)		438,143	-
DBSA	Engineering services	1,026,450	-
MISA	Engineering services	1,040,226	955,710
Total In-kind Donations and Assistance		<u>4,436,593</u>	<u>2,417,849</u>

PRINCE ALBERT MUNICIPALITY

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

	2023 R	2022 R
55. PRINCIPAL - AGENT ARRANGEMENTS		
55.1 <u>Principal in Principal-Agent Arrangement (Material)</u>		
Prince Albert Municipality is the Principle in arrangements with service providers who sell prepaid electricity on the municipality's behalf. Prepaid vendors earn commission on the value of each transaction.		
Compensation paid for agency activities		
Commission - Note 38	363,201	394,758
Total Compensation paid	<u><u>363,201</u></u>	<u><u>394,758</u></u>

Resources

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

55.2 Agent in arrangement

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

The municipality does not incur any expenses on behalf of the Provincial Department. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the department as part of its existing service offering at the traffic department and the municipal cashier collection points. No resources are held on behalf of the Provincial Department, other than the receipts.

Compensation received for agency activities

Agency fees	293,874	285,790
Total Compensation received	<u><u>293,874</u></u>	<u><u>285,790</u></u>

Prince Albert Municipality was paid 12% commission by the Provincial Department of Transport for acting as an agent on its behalf during the financial year.

PRINCE ALBERT MUNICIPALITY

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

	2023 R	2022 R
56. CONTINGENT LIABILITY		
In terms of Section 23(5) of the Public Audit Act, National Treasury, in the past, paid any audit fees exceeding 1% of the municipality's operating and capital budgets. National Treasury did not pay the full amounts for 2018/19, to 2021/22. This causes doubt if this outstanding amounts will be paid and if the municipality will receive any assistance in future. No correspondence have been received why National Treasury did not pay the full amount and if any payments will be made in future.		
Through correspondence with the Auditor General SA it was determined that interest were raised on outstanding amounts. No clarity could be obtained on the total outstanding amount owed. The municipality is of the opinion that it is not liable for the interest raised as National Treasury did not fulfill its commitment.		
Municipality's calculation of the outstanding amount (inclusive of VAT)	6,661,895	4,730,122
The municipality received a Combined Summons which served in the High Court of South Africa on 20 July 2022 (Case number: 12091/22) in which Ms. Maureen Vivienne Mennell (Plaintiff) institutes action against Prince Albert Municipality (represented by Mr. Aldrick Hendricks in his capacity as Acting Municipal Manager) for damages suffered to the plaintiff's movable property and equipment, as a result of alleged negligence on behalf of the municipality.	-	547,372
The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Prince Albert Municipality is not assigned a library function and is also not acting formally in terms of an SLA as agent of the Western Cape Provincial Government (WCPG), but it is also expected to contribute financially to the provision of library services. The municipality is therefore unclear on the VAT treatment on contributions received from the WCPG, till such time that clarity is obtained it will be disclosed as a contingent liability. The calculation is based on all receipts for the past 5 years, with interest as per the latest rates of SARS.	1,506,131	1,120,535
	<u>8,168,026</u>	<u>6,398,029</u>
57. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure excluding VAT:		
Approved and contracted for:	3,185,521	2,778,634
Total commitments consist out of the following:		
Borehole drilling and testing	-	285,355
Construction of new sidewalks in North-end	-	2,493,279
Construction of new sidewalks and upgrading of Stormwater infrastructure in Bitterwater, Leeu-Gamka.	3,185,521	-
	<u>3,185,521</u>	<u>2,778,634</u>
This expenditure will be financed from:		
Government Grants	3,185,521	2,778,634
	<u>3,185,521</u>	<u>2,778,634</u>
58. RELATED PARTIES		
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
Relationships		
Councillors		Refer to the General information
Municipal Manager		Refer to the General information
Members of key management		Director Financial Services
Members of key management		Director Technical Services

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

58.1 Related Party Transactions

Outstanding balances on municipal accounts

Year ended 30 June 2023

Councillors	Ward	Rates & Services	Other	Interest	Outstanding Balance	Provision for Debt
-------------	------	------------------	-------	----------	---------------------	--------------------

Year ended 30 June 2023

Councillors						
Ms E Maans	1	2,656	-	44	2,700	-
Ms L Jaquet	2	918	-	-	918	-
Mr SD Koonthea	3	547	-	-	547	-
Ms MD Jaftha	4	-	-	-	-	-
Mr. N A Classen	Proportional	2,261	-	7	2,268	-
A Mackay	Proportional	-	-	-	-	-
K Baaidjies	Proportional	39,775	-	4,395	44,170	-
		46,157	-	4,446	50,603	-

Municipal Manager and Section 57 Employees

A Hendricks		-	-	-	-	-
PW Erasmus		-	-	-	-	-
Z Nongene		-	-	-	-	-
		-	-	-	-	-

	Ward	Rates & Services charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
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Year ended 30 June 2022

Councillors						
Ms E Maans	1	787	-	-	787	-
Ms L Jaquet	2	527	-	-	527	-
Mr SD Koonthea	3	442	-	-	442	-
Ms MD Jaftha	4	-	-	-	-	-
Mr. N A Classen	Proportional	491	-	-	491	-
A Mackay	Proportional	-	-	-	-	-
K Baaidjies	Proportional	35,102	-	-	35,102	-
		37,348	-	-	37,348	-

Municipal Manager and Section 57 Employees

A Hendricks		-	-	-	-	-
Z Nongene		-	-	-	-	-
PW Erasmus		-	-	-	-	-
		-	-	-	-	-

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

Related party relationship

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

58.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. There are no outstanding amounts granted prior to this date.

58.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

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

	2023 R	2022 R
58.4 Other related party transactions		
No expenditure was incurred during the year where Councillors or staff had an interest.		
59. FINANCIAL SUSTAINABILITY		
The municipality's revenue base is limited and the current situation in the municipal area is not favourable to increase the revenue.		
The collection rate for debtors is below the accepted norm of 95%, but have shown improvement from the previous financial year from 81.46% to 83.20%.	80.25%	80.44%
The accepted norm for net debtors days is less than 30 days and here we see an slight increase in days from 63 to 64 days. This indicates that the municipality's outstanding debtors have risen materially and not all account holders are not paying for the services they receive from the municipality timely.	79.07 Days	67.24 Days
The accepted norm for the cash/cost coverage ratio is 1 to 3 months. The municipality is well over this norm eventhough it dropped slightly from the previous financial year.	4.91 Months	5.87 Months
The accepted norm for the current ration is between 1.5 to 2.1. The municipality is above the accepted norm and have increased considerably.	3.04	4.29
Level of cash backed reserves. The accepted norm is that reserves should be cash backed by 100%. The municipality is well positioned, but have to bear in mind that the only reserve is the Capital Replacement Reserve. This reserve is earmarked to cover the rehabilitation costs of the landfill sites. The current balance of the CRR is R10 500 000 which is insufficient to cover the future costs of rehabilitation.	400.90%	409.00%
Net cash inflow/(outflow)	6,534,407	(6,075,903)
These financial statements were prepared on a going concern basis. Taking the aforementioned into consideration it is a fair assumption that the municipality will be a going concern for the foreseeable future.		
60. EVENTS AFTER REPORTING PERIOD		
No material events to be reported.		

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

61. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BALCK ECONOMIC EMPOWERMENT ACT

61.1 Ownership and Management Control

The municipality has no shareholding or directors. The categories are therefore excluded from the reporting below. There are also no dividends that was declared. All Managers are based in the Western Cape.

	Senior Management	Middle Management	Junior Management
Race classification			
African	0	1	
Coloured	2	5	35
White	1	1	
Gender			
Male	3	4	19
Female		3	16
Age			
Youth (between the ages of 18 - 35)		3	19
Middle aged (between the ages of 36 - 50)	2	3	13
Senior (older than 50)	1	1	3
Disability			
Male		2	
Female			

**APPENDIX A
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2023**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2022	Received during the period	Redeemed written off during the period	Balance at 30 June 2023
CAPITALISED LEASE LIABILITY							
Office Equipment - Admin		Konica Minolta	2023/11/30	58,690	-	(40,822)	17,868
Office Equipment - Technical Services		Konica Minolta	2023/11/30	36,888	-	(25,657)	11,230
Office Equipment - Finance		Konica Minolta	2023/11/30	26,497	-	(18,430)	8,067
Office Equipment - Library		Konica Minolta	2023/11/30	19,300	-	(13,424)	5,876
Total Lease Liabilities				141,375	-	(98,333)	43,042
TOTAL EXTERNAL LOANS				141,375	-	(98,333)	43,042

Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
5,426	-
7,450	-
16,501	-
10,371	-
39,747	-
39,747	-

APPENDIX B
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R
			Governance and Administration			
27,381,969	(6,756,275)	20,625,694	Executive and council	25,771,194	(7,050,059)	18,721,135
13,782,100	(20,901,564)	(7,119,463)	Finance and administration	16,541,754	(23,397,381)	(6,855,627)
-	-	-	Internal audit	-	-	-
			Community and Public Safety			
2,808,068	(2,843,502)	(35,434)	Community and social services	2,512,039	(3,117,233)	(605,194)
11,676	(1,388,940)	(1,377,264)	Sport and recreation	19,264	(1,803,917)	(1,784,652)
7,327,691	(7,881,580)	(553,888)	Public safety	10,133,603	(10,279,155)	(145,552)
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
			Economic and Environmental Services			
49,799	(763,065)	(713,266)	Planning and development	56,000	(489,096)	(433,096)
1,814,944	(9,889,524)	(8,074,580)	Road transport	1,510,774	(12,345,477)	(10,834,703)
-	-	-	Environmental protection	-	-	-
			Trading Services			
19,297,261	(17,313,674)	1,983,587	Energy sources	18,581,066	(18,795,591)	(214,525)
16,898,474	(5,547,808)	11,350,666	Water management	12,096,171	(6,213,587)	5,882,584
4,348,977	(4,037,834)	311,142	Waste water management	6,233,822	(4,687,847)	1,545,975
2,238,752	(4,771,547)	(2,532,795)	Waste management	2,846,060	(7,231,703)	(4,385,642)
-	(270,000)	(270,000)	Other	-	(270,000)	(270,000)
95,959,711	(82,365,311)	13,594,399	Sub Total	96,301,748	(95,681,046)	620,702
-	-	-	Less Inter-Departmental Charges	-	-	-
95,959,711	(82,365,311)	13,594,399	Total	96,301,748	(95,681,046)	620,702

**APPENDIX C
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023
MUNICIPAL VOTES CLASSIFICATIONS**

2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R
			Executive and Council			
24,539,900	(3,003,954)	21,535,946	Municipal Manager	27,255,479	(3,221,235)	24,034,245
2,455,342	(4,070,323)	(1,614,981)	Council General Expenses	1,041,895	(4,043,129)	(3,001,235)
			Director Finance			
7,667,934	(14,484,646)	(6,816,713)	Financial Services	9,109,085	(15,318,002)	(6,208,918)
4,380,380	(11,426)	4,368,954	Property Rates	5,073,221	-	5,073,221
			Director Corporate			
-	(672,135)	(672,135)	IDP	-	(183,383)	(183,383)
49,799	(49,799)	-	Strategic Services	56,000	(56,000)	-
1,633,787	(6,128,620)	(4,494,833)	Corporate Services	1,820,144	(8,114,787)	(6,294,643)
			Director Community			
20,749	-	20,749	Cemetries	18,082	-	18,082
2,162,927	(2,070,457)	92,469	Library	1,951,505	(1,950,937)	567
354,363	(545,637)	(191,275)	Disaster Management	74,254	(828,363)	(754,109)
270,029	(227,407)	42,622	Community Halls	468,198	(337,867)	130,331
7,327,691	(7,881,580)	(553,888)	Traffic Control	9,953,603	(10,279,220)	(325,618)
-	-	-	Housing	180,000	-	180,000
11,676	(1,388,940)	(1,377,264)	Sport and Recreation	19,264	(1,803,917)	(1,784,652)
-	(270,000)	(270,000)	Tourism	-	(270,000)	(270,000)
			Director Technical Services			
19,297,261	(17,592,443)	1,704,818	Electricity Services	18,581,066	(19,126,473)	(545,407)
16,898,474	(5,547,808)	11,350,666	Water Services	12,096,171	(6,213,587)	5,882,584
4,348,977	(4,037,834)	311,142	Sewerage	6,233,822	(4,687,847)	1,545,975
2,725,479	(4,771,547)	(2,046,068)	Refuse	859,186	(7,231,703)	(6,372,517)
1,814,944	(9,610,755)	(7,795,811)	Public Works	1,510,774	(12,014,595)	(10,503,821)
95,959,711	(82,365,311)	13,594,399	Sub Total	96,301,748	(95,681,046)	620,702
-	-	-	Less Inter-Departmental Charges	-	-	-
95,959,711	(82,365,311)	13,594,399	Total	96,301,748	(95,681,046)	620,702

APPENDIX D
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE
2023
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation					Accumulated Depreciation/Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Depreciation	Disposals/ Impairment	Closing Balance	
Executive and council	567,884	-	-	-	567,884	246,889	47,622	-	294,511	273,373
Finance and administration	41,245,643	5,278,103	610,062	-	47,133,808	5,359,946	453,822	-	5,813,768	41,320,040
Community and social services	15,635,262	38,800	-	-	15,674,062	757,988	256,693	-	1,014,681	14,659,381
Sport and recreation	18,133	-	-	-	18,133	16,800	270	-	17,070	1,063
Public safety	2,329,248	-	-	-	2,329,248	1,066,069	176,247	-	1,242,316	1,086,932
Road transport	39,965,628	7,004,326	748,922	516,978	47,201,898	9,965,049	1,345,431	80,541	11,229,939	35,971,959
Energy sources	15,873,938	60,846	-	-	15,934,784	2,357,735	376,115	-	2,733,851	13,200,933
Water management	51,859,066	1,952,099	868,971	-	54,680,137	7,918,607	1,272,252	-	9,190,859	45,489,278
Waste water management	46,065,097	-	233,054	17,085	46,281,066	6,731,270	1,058,345	4,781	7,784,834	38,496,232
Waste management	13,286,207	2,984,565	-	893,011	15,377,762	10,163,188	376,651	-	10,539,839	4,837,923
Electricity	-	-	-	-	-	-	-	-	-	-
	226,846,107	17,318,738	2,461,009	1,427,073	245,198,782	44,583,540	5,363,450	85,322	49,861,669	195,337,113

APPENDIX E
PRINCE ALBERT LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2022	Correction of Error	Restated Balance 30 June 2022	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2023	Unspent 30 June 2023 (Creditor)	Unpaid 30 June 2023 (Debtor)
<u>National Government Grants</u>										
Equitable Share	-	-	-	26,548,000	-	(26,548,000)	-	-	-	-
Finance Management Grant	-	-	-	1,650,000	-	(1,650,000)	-	-	-	-
Water Services Infrastructure Grant	-	-	-	6,552,000	-	-	(1,987,925)	4,564,075.36	4,564,075	-
Municipal Infrastructure Grant	-	-	-	7,956,000	-	(160,997)	(3,843,421)	3,951,581.91	3,951,582	-
Expanded Public Works Programme	-	-	-	1,237,000	-	(1,237,000)	-	-	-	-
Total National Government Grants	-	-	-	43,943,000	-	(29,595,997)	(5,831,346)	8,515,657.27	8,515,657.27	-
<u>Provincial Government Grants</u>										
Library	-	-	-	1,947,000	-	(1,947,000)	-	-	-	-
Regional Socio-economic Project	2,275,047	-	2,275,047	-	(1,275,047)	-	(1,000,000)	-	-	-
WC Capacity building (Bursaries)	18,954	-	18,954	300,000	(2,899)	(214,305)	-	101,750.23	101,750	-
WC Capacity building (Public Employment Support Grant)	223,774	-	223,774	-	-	(223,774)	-	-	-	-
WC Sport and Recreation Facilities (DCAS)	300,000	-	300,000	-	-	-	-	300,000.00	300,000	-
Thusong service centre	-	-	-	150,000	-	(150,000)	-	-	-	-
Community Development Workers	29,285	-	29,285	56,000	(29,285)	(56,000)	-	-	-	-
Municipal Drought Relief Grant	(953,002)	-	(953,002)	961,495	-	-	-	8,493.05	8,493	-
Western Cape Financial Management Grant	-	-	-	325,000	-	(325,000)	-	-	-	-
Additional WC Drought relief for backup Generators	-	-	-	175,000	-	-	-	175,000.00	175,000	-
Municipal Interventions Grant	-	-	-	1,200,000	-	-	-	1,200,000.00	1,200,000	-
PT - Human Settlements Development Grant	-	-	-	-	-	(180,000)	-	(180,000.00)	-	(180,000)
Western Cape - Maintenance of Roads	-	-	-	50,000	-	(50,000)	-	-	-	-
Total Provincial Government Grants	1,894,058	-	1,894,058	5,164,495	(1,307,231)	(3,146,078)	(1,000,000)	1,605,243.28	1,785,243.28	(180,000)
<u>District Municipality Grants</u>										
Central Karoo District Municipality	69,250	-	69,250	-	-	(69,250)	-	-	-	-
Total District Municipality Grants	69,250	-	69,250	-	-	(69,250)	-	-	-	-
<u>Other Grant Providers</u>										
Allocations in kind - NT contribution on audit fees	-	-	-	1,931,774	-	(1,931,774)	-	-	-	-
Allocations in kind - MISA - Engineering services	-	-	-	1,040,226	-	(1,040,226)	-	-	-	-
Allocations in kind - DBSA - Revise water master plans	-	-	-	1,026,450	-	(1,026,450)	-	-	-	-
Allocations in kind - Business Engineering - development of apps	-	-	-	438,143	-	(438,143)	-	-	-	-
SETA	-	-	-	41,895	-	(41,895)	-	-	-	-
Total Other Grant Providers	-	-	-	4,478,488	-	(4,478,488)	-	-	-	-
Total Grants	1,963,309	-	1,963,309	53,585,982	(1,307,231)	(37,289,813)	(6,831,346)	10,120,900.55	10,300,901	(180,000)

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

APPENDIX F
PRINCE ALBERT MUNICIPALITY
APPROPRIATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

2023

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Ref	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2023	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)
			R	R	R	R	R	R	R	R	%	%
FINANCIAL PERFORMANCE												
Revenue By Source												
Property Rates	Property Rates	1	4,969,365	2,155,423	7,124,788	0	7,124,788	5,073,221		(2,051,567)	-28.79%	2.09%
Service Charges	Service Charges	2	33,450,721	13,215,256	46,665,977	-	46,665,977	31,768,365		(14,897,612)	-31.92%	-5.03%
Service Charges - Electricity Revenue			20,686,640	-	20,686,640	-	20,686,640					
Service Charges - Water Revenue			5,951,334	11,095,515	17,046,849	-	17,046,849					
Service Charges - Sanitation Revenue			4,636,208	1,543,200	6,179,408	-	6,179,408					
Service Charges - Refuse Revenue			2,176,539	576,541	2,753,080	-	2,753,080					
	Service Charges							31,768,365				
	Availability Charges			-			-					
Rental of Facilities and Equipment	Rental of Facilities and Equipment	3	340,358	(0)	340,358	210,687	551,045	679,633		128,588	23.34%	99.68%
	Rent on Land							240,411				
	Rental from Fixed Assets							439,222				
Interest Eamed - External Investments	Interest Eamed - External Investments	4	2,375,792	1,271,619	3,647,411	-	3,647,411	4,071,462		424,051	11.63%	71.37%
Interest Eamed - Outstanding Debtors	Interest Eamed - Outstanding Debtors	5	2,011,474	-	2,011,474	-	2,011,474	1,316,983		(694,491)	-34.53%	-34.53%
	Interest Eamed - Exchange Transactions							1,130,959				
	Interest Eamed - Non-exchange Transactions							186,024				
Dividends Received	Dividends Received	6	-	-	-	-	-	-		-	0.00%	0.00%
Fines, penalties and forfeits	Fines, Penalties and Forfeits	7	1,107,062	(1,819)	1,105,243	-	1,105,243	9,575,080		8,469,837	766.33%	764.91%
Licences and Permits	Licences and Permits	8	153,487	-	153,487	-	153,487	89,154		(64,333)	-41.91%	-41.91%
Agency Services	Agency Services	9	120,000	180,000	300,000	-	300,000	293,874		(6,126)	-2.04%	144.89%
Transfers and subsidies	Government Grants and Subsidies - Operating	10	34,259,982	2,231,529	36,491,511	0	36,491,511	32,853,220		(3,638,291)	-9.97%	-4.11%
Allocations-in-kind								4,436,593				
Other Revenue	Other Revenue	11	831,539	95,454	926,993	(210,687)	716,306	593,162		(123,144)	-17.19%	-28.67%
	Operational Revenue							83,816				
	Sales of Goods and Rendering of Services							509,346				
Gains	Gains	12	-	-	-	618,702	618,702	706,531		87,829	14.20%	0.00%
	Actuarial Gains							706,531				
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							-				
	Gains/(Loss) on Sale of Fixed Assets							-				
Total Revenue (excluding capital transfers and contributions)			79,619,780	19,147,462	98,767,242	618,702	99,385,944	91,457,277	-	(12,365,260)	-7.98%	14.87%

Expenditure By Type												
Employee Related Costs	Employee related costs	13	28,537,546	1,045,456	29,583,002	751,515	30,334,517	30,316,560	-	(17,957)	-0.06%	6.23%
Remuneration of Councillors	Remuneration of Councillors	14	3,456,008	-	3,456,008	(228,272)	3,227,736	3,018,319	-	(209,417)	-6.49%	-12.66%
Debt Impairment		15	4,160,357	15,978,115	20,138,472	(1,984,875)	18,153,597	14,572,009	-	(3,581,588)	-19.73%	250.26%
	Reversal of Impairment Loss/(Impairment Loss) on Receivables							(3,638,300)				
	Bad Debts Written Off							18,210,309				
Depreciation and Asset Impairment		16	5,473,845	0	5,473,845	(71,150)	5,402,695	9,080,557	3,677,862	3,677,862	68.07%	65.89%
	Depreciation and Amortisation							7,093,682				
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							1,986,875				
Finance Charges	Finance Costs	17	448,500	0	448,500	40,000	488,500	2,098,753	1,610,253	1,610,253	329.63%	367.95%
Bulk Purchases - electricity	Bulk Purchases	18	18,403,619	(1,403,619)	17,000,000	-	17,000,000	16,197,184	-	(802,816)	-4.72%	-11.99%
Inventory consumed		19	539,000	(40,000)	499,000	(22,189)	476,811	428,076	-	(48,735)	-10.22%	-20.58%
	Inventory Consumed							428,076				
	Bulk Purchases (Water only)											
Contracted Services	Contracted Services	20	6,848,200	509,918	7,358,118	(289,463)	7,068,655	7,182,995	114,340	114,340	1.62%	4.89%
Transfers and Subsidies	Transfers and Subsidies	21	490,000	-	490,000	-	490,000	704,305	214,305	214,305	43.74%	43.74%
Other Expenditure		22	11,260,747	1,882,169	13,142,916	60,734	13,203,650	14,069,163	865,513	865,513	6.56%	24.94%
	Operational Costs							14,069,163				
	Operating leases							-				
Losses		23	-	-	-	100,000	100,000	-	-	(100,000)	-100.00%	0.00%
	Gains/(Loss) on Sale of Fixed Assets							-				
	Actuarial Losses							-				
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							-				
	Profit/(Loss) on Fair Value Adjustments							-				
	Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value							-				
	Profit/(Loss) from Discontinued Operations							-				
	Water Losses							-				
Total Expenditure			79,617,822	17,972,039	97,589,861	(1,643,700)	95,946,161	97,667,921		1,721,760	1.79%	22.67%
Surplus/(Deficit)			1,958	1,175,423	1,177,381	2,262,402	3,439,783	(6,210,644)		(9,650,427)	-280.55%	-317293.27%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	Government Grants and Subsidies - Capital	24	14,110,200	1,498,513	15,608,713	0	15,608,713	6,831,346		(8,777,367)	-56.23%	-51.59%
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		25									0.00%	0.00%
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	26									0.00%	0.00%
Surplus/(Deficit) after Capital Transfers & Contributions			14,112,158	2,673,936	16,786,094	2,262,402	19,048,496	620,702			-96.74%	-95.60%
Taxation		27									0.00%	0.00%
Surplus/(Deficit) after Taxation			14,112,158	2,673,936	16,786,094	2,262,402	19,048,496	620,702			-96.74%	-95.60%
Attributable to Minorities		28									0.00%	0.00%
Surplus/(Deficit) Attributable to Municipality			14,112,158	2,673,936	16,786,094	2,262,402	19,048,496	620,702			-96.74%	-95.60%
Share of Surplus/(Deficit) of Associate		29									0.00%	0.00%
Surplus/(Deficit) for the year			14,112,158	2,673,936	16,786,094	2,262,402	19,048,496	620,702			-96.74%	-95.60%

CAPITAL EXPENDITURE AND FUND SOURCES**Total expenditure and funds sources**

Total Capital expenditure	16,341,547	5,765,653	22,107,200	(0)	22,107,200	11,663,577	-	(10,443,623)	-47.24%	-28.63%
Sources of capital funds										
Transfers recognised - capital	12,141,547	2,637,653	14,779,200	(456,523)	14,322,677	6,840,227		(7,482,450)	-52.24%	-43.66%
Public contributions and donations	-	-	-	-	-	-		-	0.00%	0.00%
Borrowing	-	-	-	-	-	-		-	0.00%	0.00%
Internally generated funds	4,200,000	3,128,000	7,328,000	(1,400,000)	5,928,000	4,823,350		(1,104,650)	-18.63%	14.84%
Total sources of capital funds	16,341,547	5,765,653	22,107,200	(1,856,523)	20,250,677	11,663,577	-	(8,587,100)	-42.40%	-28.63%

CASHFLOWS

Net cash from / (used) in operating activities	-	-	-	-	-	18,296,226	-	-	0.00%	0.00%
Net cash from / (used) in investing activities	-	-	-	-	-	(11,663,486)	-	-	0.00%	0.00%
Net cash from / (used) in financing activities	-	-	-	-	-	(98,333)	-	-	0.00%	0.00%
Net increase/(decrease) in cash and cash equivalents at year end	-	-	-	-	-	6,534,407	-	-	0.00%	0.00%
Cash and cash equivalents at the beginning of the year	-	-	-	-	-	45,861,016	-	-	0.00%	0.00%
Cash and cash equivalents at the end of the year	-	-	-	-	-	52,395,422	-	-	0.00%	0.00%

2022

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Ref	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2022	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)
			R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue By Source												
Property Rates	Property Rates	1	4,477,835	100,000	4,577,835		4,577,835	4,380,380		(197,455)	-4.31%	-2.18%
Service Charges	Service Charges	2	25,195,034	1,989,758	27,184,792	-	27,184,792	30,552,368		3,367,576	12.39%	21.26%
Service Charges - Electricity Revenue			16,259,590	(6,810)	16,252,780		16,252,780					
Service Charges - Water Revenue			4,232,592	1,037,408	5,270,000		5,270,000					
Service Charges - Sanitation Revenue			3,126,840	683,160	3,810,000		3,810,000					
Service Charges - Refuse Revenue			1,576,012	276,000	1,852,012		1,852,012					
	Service Charges							30,552,368				
	Availability Charges			-			-	-				
Rental of Facilities and Equipment	Rental of Facilities and Equipment	3	397,000	-	397,000		397,000	590,899		193,899	48.84%	48.84%
	Rent on Land							201,400				
	Rental from Fixed Assets							389,499				
Interest Eamed - External Investments	Interest Eamed - External Investments	4	2,900,000	(600,000)	2,300,000		2,300,000	2,346,796		46,796	2.03%	-19.08%
Interest Eamed - Outstanding Debtors	Interest Eamed - Outstanding Debtors	5	1,280,000	300,000	1,580,000		1,580,000	1,932,905		352,905	22.34%	51.01%
	Interest Eamed - Exchange Transactions							1,730,930				
	Interest Eamed - Non-exchange Transactions							201,975				
Dividends Received	Dividends Received	6	-	-	-		-	-		-	0.00%	0.00%
Fines, penalties and forfeits	Fines, Penalties and Forfeits	7	3,332,000	(557,004)	2,774,996		2,774,996	6,909,263		4,134,267	148.98%	107.36%
Licences and Permits	Licences and Permits	8	-	-	-		-	137,351		137,351	0.00%	0.00%
Agency Services	Agency Services	9	200,000	(90,000)	110,000		110,000	285,790		175,790	159.81%	42.90%
Transfers and subsidies	Government Grants and Subsidies - Operating	10	31,104,150	3,438,150	34,542,300		34,542,300	30,740,896		(3,801,404)	-11.01%	-1.17%
Other Revenue	Other Revenue	11	467,000	(70,000)	397,000		397,000	2,958,789		2,561,789	645.29%	533.57%
	Surcharges and Taxes											
	Operational Revenue							105,346				
	Public Contributions and Donations											
	Sales of Goods and Rendering of Services							435,593				
	Service in kind							2,417,849				
Gains	Gains	12	-	-	-		-	2,204,312		2,204,312	0.00%	0.00%
	Actuarial Gains							1,717,585				
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							486,727				
	Gains/(Loss) on Sale of Fixed Assets											
	Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value											
	Profit/(Loss) on Fair Value Adjustments											
	Profit/(Loss) from Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)			69,353,019	4,510,904	73,863,923	-	73,863,923	83,039,748	-	9,175,825	12.42%	19.73%

Expenditure By Type

Employee Related Costs	Employee related costs	13	22,708,669	3,398,726	26,107,395	26,107,395	25,313,205	-	(794,190)	-3.04%	11.47%
Remuneration of Councillors	Remuneration of Councillors	14	3,370,490	-	3,370,490	3,370,490	3,225,563	-	(144,927)	-4.30%	-4.30%
Debt Impairment		15	6,534,000	-	6,534,000	6,534,000	10,971,616	4,437,616	4,437,616	67.92%	67.92%
	Reversal of Impairment Loss/(Impairment Loss) on Receivables						9,925,224				
	Bad Debts Written Off						1,046,392				
Depreciation and Asset Impairment		16	3,984,169	-	3,984,169	3,984,169	5,840,529	1,856,360	1,856,360	46.59%	46.59%
	Depreciation and Amortisation						5,391,788				
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets						448,740				
Finance Charges	Finance Costs	17	1,344,000	-	1,344,000	1,344,000	1,940,350	596,350	596,350	44.37%	44.37%
Bulk Purchases - electricity	Bulk Purchases	18	12,000,000	1,282,000	13,282,000	13,282,000	15,796,235	2,514,235	2,514,235	18.93%	31.64%
Inventory consumed		19	977,000	(111,800)	865,200	865,200	572,468	-	(292,732)	-33.83%	-41.41%
	Inventory Consumed						572,468				
	Bulk Purchases (Water only)										
Contracted Services	Contracted Services	20	6,552,174	362,800	6,914,974	6,914,974	6,214,550	-	(700,424)	-10.13%	-5.15%
Transfers and Subsidies	Transfers and Subsidies	21	340,000	-	340,000	340,000	621,046	281,046	281,046	82.66%	82.66%
Other Expenditure		22	11,534,036	(422,646)	11,111,390	11,111,390	11,698,346	586,956	586,956	5.28%	1.42%
	Operational Costs						11,698,346				
	Operating leases						-				
Losses		23	-	-	-	-	171,404	171,404	171,404	0.00%	0.00%
	Gains/(Loss) on Sale of Fixed Assets						-				
	Actuarial Losses						171,404				
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets										
	Profit/(Loss) on Fair Value Adjustments										
	Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value										
	Profit/(Loss) from Discontinued Operations										
	Water Losses										

Total Expenditure

69,344,538 4,509,080 73,853,618 - 73,853,618 82,365,311 8,511,693 11.53% 18.78%

Surplus/(Deficit)

8,481 1,824 10,305 - 10,305 674,437 664,132 6444.76% 7852.33%

Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	Government Grants and Subsidies - Capital	24	14,103,850	7,944,507	22,048,357	22,048,357	12,746,124	(9,302,233)		-42.19%	-9.63%
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		25								0.00%	0.00%
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	26					173,839			0.00%	0.00%
Surplus/(Deficit) after Capital Transfers & Contributions			14,112,331	7,946,331	22,058,662	-	22,058,662	13,594,399		-38.37%	-3.67%
Taxation		27								0.00%	0.00%
Surplus/(Deficit) after Taxation			14,112,331	7,946,331	22,058,662	-	22,058,662	13,594,399		-38.37%	-3.67%
Attributable to Minorities		28								0.00%	0.00%
Surplus/(Deficit) Attributable to Municipality			14,112,331	7,946,331	22,058,662	-	22,058,662	13,594,399		-38.37%	-3.67%
Share of Surplus/(Deficit) of Associate		29								0.00%	0.00%
Surplus/(Deficit) for the year			14,112,331	7,946,331	22,058,662	-	22,058,662	13,594,399		-38.37%	-3.67%

CAPITAL EXPENDITURE AND FUND SOURCES
Total expenditure and funds sources

Total Capital expenditure			12,778,080	15,532,095	28,310,175	-	28,310,175	21,851,167	-	(6,459,008)	-22.82%	71.01%
Sources of capital funds												
Transfers recognised - capital			12,264,218	9,088,095	21,352,313	-	21,352,313	15,780,120		(5,572,193)	-26.10%	28.67%
Public contributions and donations			-	-	-	-	-	-		-	0.00%	0.00%
Borrowing			-	-	-	-	-	-		-	0.00%	0.00%
Internally generated funds			513,862	6,444,000	6,957,862	-	6,957,862	6,071,047		(886,815)	-12.75%	1081.45%
Total sources of capital funds			12,778,080	15,532,095	28,310,175	-	28,310,175	21,851,167	-	(6,459,008)	-22.82%	71.01%

CASHFLOWS

Net cash from / (used) in operating activities	14,596,907	(911,688)	13,685,219	-	13,685,219	7,279,080	-	(6,406,139)	-46.81%	-50.13%
Net cash from / (used) in investing activities	(12,745,086)	(15,476,238)	(28,221,324)	-	(28,221,324)	(13,263,279)	-	14,958,045	-53.00%	4.07%
Net cash from / (used) in financing activities	9,626	524	10,150	-	10,150	(91,704)	-	(101,854)	-1003.49%	-1052.67%
Net increase/(decrease) in cash and cash equivalents at year end	1,861,447	(16,387,402)	(14,525,955)	-	(14,525,955)	(6,075,904)	-	8,450,052	-58.17%	-426.41%
Cash and cash equivalents at the beginning of the year	26,371,833	25,610,388	51,982,221	-	51,982,221	51,936,919	-	(45,302)	-0.09%	96.94%
Cash and cash equivalents at the end of the year	28,233,280	9,222,986	37,456,266	-	37,456,266	45,861,015	-	8,404,749	22.44%	62.44%