

SOL PLAATJE LOCAL MUNICIPALITY



CITY OF KIMBERLEY

SOL PLAATJE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2022

SOL PLAATJE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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**SOL PLAATJE LOCAL MUNICIPALITY
GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2022**

EXECUTIVE MAYOR	Alderman KJB Sonyoni																																																																			
SPEAKER	Councillor NN Maputle																																																																			
GRADING OF THE LOCAL AUTHORITY:	Grade 5	NC091																																																																		
AUDITORS:	Auditor-General of South Africa Block 1 Montrio Corporate Park 10 Oliver Road Monument Heights Kimberley 8301 Telephone 053-8311016 Fax 053-8326277																																																																			
		Private Bag X5013 Kimberley 8300																																																																		
BANKERS:	Standard Bank C/O Bultfontein and Lennox Street Kimberley 8301 Telephone 053-8078215 Fax 053-8078173																																																																			
		P.O. Box 626 Kimberley 8300																																																																		
REGISTERED OFFICE:	Civic Centre Sol Plaatje Drive Kimberley 8301 Telephone 053-8306911 Fax 053-8331005																																																																			
		Private Bag X5030 Kimberley 8300																																																																		
MUNICIPAL MANAGER:	Mr BS Matlala	B Tech Public Management, Advance Diploma Labour Law, National Diploma Municipal Admin, Certificate Municipal Finance Management																																																																		
CHIEF FINANCIAL OFFICER:	Me ZL Thekisho	B.Comm Hons, MBA																																																																		
MEMBERS OF COUNCIL:	<p>Councillor</p> <p>Ward</p> <table border="0"> <tr> <td>1 Gallant A</td> <td>12 Ruiter I</td> <td>23 Louw PJF</td> </tr> <tr> <td>2 Brown JE</td> <td>13 Molatudi MK</td> <td>24 Whittaker CP</td> </tr> <tr> <td>3 Korkie DD</td> <td>14 Joseph GH</td> <td>25 Fourie OC</td> </tr> <tr> <td>4 Bopape TH</td> <td>15 Nkukane TE</td> <td>26 Mokwang C</td> </tr> <tr> <td>5 Nolitye MR</td> <td>16 Rammutle CB</td> <td>27 Wagter IB</td> </tr> <tr> <td>6 Riet NR</td> <td>17 Maputle NN</td> <td>28 White MF</td> </tr> <tr> <td>7 Diphahle JG</td> <td>18 Mofokeng GP</td> <td>29 Aaron MC</td> </tr> <tr> <td>8 Sonyoni KJB</td> <td>19 Lekoma IA</td> <td>30 Kok R</td> </tr> <tr> <td>9 Dioka DI</td> <td>20 Moses BB</td> <td>31 Lephoi C</td> </tr> <tr> <td>10 Molale KM</td> <td>21 Vacant</td> <td>32 Banda F</td> </tr> <tr> <td>11 Kgadiete KV</td> <td>22 Pietersen J</td> <td>33 Tau YK</td> </tr> </table> <p>Councillor</p> <p>Proportional</p> <table border="0"> <tr> <td>1 Adams E</td> <td>12 Landella ST</td> <td>23 Pieterse LHS</td> </tr> <tr> <td>2 Badenhorst EL</td> <td>13 Loff RR</td> <td>24 Natahane PE</td> </tr> <tr> <td>3 Beylefeld MJ</td> <td>14 Louw M</td> <td>25 Niemann E</td> </tr> <tr> <td>4 Bosman MS</td> <td>15 Matika ET</td> <td>26 Phiri KC</td> </tr> <tr> <td>5 Boqo AN</td> <td>16 Meshia P</td> <td>27 Reichert F</td> </tr> <tr> <td>6 Engelbrecht ST</td> <td>17 Metsimetsi BS</td> <td>28 Smit J</td> </tr> <tr> <td>7 Esau AJ</td> <td>18 Mocwana PM</td> <td>29 Tawana M</td> </tr> <tr> <td>8 Ferris SB</td> <td>19 Mouers PM</td> <td>30 Van Den Berg HJ</td> </tr> <tr> <td>9 Johnson E</td> <td>20 Pearce C</td> <td>31 Van Rooyen WA</td> </tr> <tr> <td>10 Kock KC</td> <td>21 Philander M</td> <td>32 Wapad R</td> </tr> <tr> <td>11 Koos LJ</td> <td>22 Pienaar D</td> <td></td> </tr> </table>		1 Gallant A	12 Ruiter I	23 Louw PJF	2 Brown JE	13 Molatudi MK	24 Whittaker CP	3 Korkie DD	14 Joseph GH	25 Fourie OC	4 Bopape TH	15 Nkukane TE	26 Mokwang C	5 Nolitye MR	16 Rammutle CB	27 Wagter IB	6 Riet NR	17 Maputle NN	28 White MF	7 Diphahle JG	18 Mofokeng GP	29 Aaron MC	8 Sonyoni KJB	19 Lekoma IA	30 Kok R	9 Dioka DI	20 Moses BB	31 Lephoi C	10 Molale KM	21 Vacant	32 Banda F	11 Kgadiete KV	22 Pietersen J	33 Tau YK	1 Adams E	12 Landella ST	23 Pieterse LHS	2 Badenhorst EL	13 Loff RR	24 Natahane PE	3 Beylefeld MJ	14 Louw M	25 Niemann E	4 Bosman MS	15 Matika ET	26 Phiri KC	5 Boqo AN	16 Meshia P	27 Reichert F	6 Engelbrecht ST	17 Metsimetsi BS	28 Smit J	7 Esau AJ	18 Mocwana PM	29 Tawana M	8 Ferris SB	19 Mouers PM	30 Van Den Berg HJ	9 Johnson E	20 Pearce C	31 Van Rooyen WA	10 Kock KC	21 Philander M	32 Wapad R	11 Koos LJ	22 Pienaar D	
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SOL PLAATJE LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022

Declaration of the Accounting Officer

I am accountable for the preparation of these annual financial statements, which are set out on pages 3 to 90, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I acknowledge full responsibility for the system of internal financial control and the duty to maintain adequate accounting records as required by MFMA 56 of 2003.



BS Matlala
Municipal Manager
31 August 2022

SOL PLAATJE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

Accounting Officer's Report

1. Review of activities

The municipality trades in water, electricity, refuse removal, sanitation and other minor services. Rates and taxes are levied on all property in accordance with the prescriptions of Municipal Property Rates Act. The municipality has approved by-laws for service provision of water and electricity. The net surplus of the municipality is R66 850 715 (2022) compared to R17 209 511 (2021).

2. Going concern principle

The Financial Statements were prepared in accordance with the policies applicable to going concern. This basis presumes that funds will be available to run the operations, provide services to the people and continue with the investment plan, and that the realization of assets and settlement of liabilities and contingent liabilities will take place in the ordinary course of business.

3. Events after balance sheet

There are no known events that have taken place or will take place after balance sheet that have or will have significant impact on the financial statements to an extent that they will not fairly present the financial position, performance and cash flow of the municipality as reported.

4. Corporate governance

The municipality is led by the Executive Mayor as the political head of the institution, and administratively, the Accounting Officer is the head of the municipality. A system of delegation exists as well as sufficient internal controls are in place, giving management certainty and confidence in the transactional environment as well as safety, integrity and completeness of financial information.

5. Performance Management Framework

The municipality has adopted a performance management framework.

6. Municipal Entities

There municipality has no entities that reports to it.



BS Matlala
Municipal Manager
31 August 2022

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 June 2022

	Note	2022 R	2021 R	2022 Budget R
ASSETS				
Current Assets		2,213,102,279	1,796,992,075	2,133,729,790
Inventory	2	49,453,548	37,891,477	39,322,558
Trade Receivables from Exchange Transactions	4	1,420,185,976	1,249,632,482	1,366,262,830
Statutory Receivables from Non-Exchange Transactions	5	532,273,177	461,071,285	547,474,247
Trade Receivables from Non-Exchange Transactions	5	6,464,187	9,387,197	
Cash and Cash Equivalents	6	190,782,806	39,009,634	180,670,155
Statutory Receivable from Exchange Transactions	8	13,942,586	-	
Non-Current Assets		2,316,498,773	2,143,651,269	2,201,294,303
Property, Plant and Equipment	9	2,003,442,282	1,880,330,375	1,925,370,361
Heritage Assets	9	12,070,884	12,070,884	11,863,705
Intangible Assets	10	21,237,984	10,135,671	21,707,302
Investment Property	11	209,106,077	207,094,945	205,485,944
Trade Receivables from Exchange Transactions	4	52,270,916	25,204,431	36,866,991
Statutory Receivables from Non-Exchange Transactions	5	18,370,630	8,814,962	
Total Assets		4,529,601,052	3,940,643,344	4,335,024,093
LIABILITIES				
Current Liabilities		1,160,207,232	640,169,219	725,335,203
Consumer Deposits	13	42,977,290	39,649,651	45,622,539
Employee Benefits	14	86,330,189	87,622,873	89,313,396
Payables from Exchange Transactions	15	1,013,060,334	460,095,526	590,399,268
Unspent Conditional Grants and Receipts	16	1,725,515	6,273,218	
VAT Payable from Exchange Transactions	17	-	32,907,254	
Current Portion of Long-term Liabilities	18	16,113,905	13,620,697	
Non-Current Liabilities		413,494,088	408,731,234	405,828,681
Long-term Liabilities	18	159,436,407	175,003,011	172,828,681
Employee Benefit Liabilities	19	252,130,000	232,159,000	233,000,000
Non-current Provisions	20	1,927,681	1,569,223	
Total Liabilities		1,573,701,319	1,048,900,453	1,131,163,884
Total Assets and Liabilities		2,955,899,733	2,891,742,890	3,203,860,209
NET ASSETS		2,955,899,733	2,891,742,890	3,203,860,209
Accumulated Surplus	21	2,955,899,733	2,891,742,890	3,203,860,209
Total Net Assets		2,955,899,733	2,891,742,890	3,203,860,209

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2022

Budget 2021 R	Budget 2022 R		Note	Actual 2022 R	Actual 2021 R
REVENUE					
Revenue from Non-exchange Transactions					
584,107,613	603,706,586	Property Rates	22	599,897,839	571,075,355
33,345,000	34,725,000	Fines and Penalties		15,405,409	29,476,631
6,100,000	6,500,000	Licences and Permits		8,531,893	6,383,047
-	-	Interest Earned - Outstanding Statutory receivables	23	56,451,582	51,600,636
-	-	Availability service charges non-exchange transactions	24	5,859,926	5,393,760
383,582,797	366,538,607	Government Grants and Subsidies Received	26	359,653,145	372,988,215
-	-	Public Contributions and Donations	27	76,850,394	-
Revenue from Exchange Transactions					
1,170,018,205	1,291,383,494	Service Charges	24	1,139,930,202	1,047,656,248
12,440,000	13,145,000	Rental of Facilities and Equipment	25	16,755,155	12,017,614
4,000,000	9,000,000	Interest Earned - External Investments	23	3,123,724	2,834,761
144,000,000	157,200,000	Interest Earned - Outstanding Trade receivables	23	74,708,056	54,381,865
18,008,400	19,684,900	Other Income	28	14,516,909	17,354,274
-	-	Gains on Inventory		-	7
22,000,000.00	-	Gains on Disposal of Property, Plant and Equipment		1,134,297	7,892,975
2,377,602,015	2,501,883,587	Total Revenue		2,372,818,532	2,179,055,388
EXPENDITURE					
800,079,882	841,587,858	Employee Related Costs	29	766,906,239	726,330,899
33,022,892	34,547,434	Remuneration of Councillors	30	30,736,976	30,259,984
73,550,000	79,150,000	Depreciation and Amortisation	31	70,060,080	58,128,858
252,000,000	275,000,000	Impairment Losses	32	267,518,489	344,345,537
36,041,876	64,060,569	Finance Costs	33	72,909,233	36,467,278
554,500,000	647,000,000	Bulk Purchases Electricity	34	639,688,887	540,953,415
49,548,000	41,242,000	Contracted Services	35	38,162,914	40,650,803
4,280,000	4,850,000	Grants and Subsidies Paid	36	2,545,986	2,528,398
367,406,374	363,392,269	General Expenses	37	343,577,109	312,146,069
70,943,500.00	70,760,000.00	Loss/Write down of Inventory		75,616,061	69,656,112
-	-	Loss on disposal of Property, Plant and Equipment		-	-
-	-	Foreign Exchange Loss		939,717	378,523
-	-	Impairment of Property, Plant and Equipment		-	-
2,241,372,524	2,421,590,130	Total Expenditure		2,308,661,689	2,161,845,877
136,229,491	80,293,457	SURPLUS FOR THE YEAR		64,156,842	17,209,511
Refer to Note 61.1 for explanation of budget variances					

SOL PLAATJE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2022

Description	Note	Accumulated Surplus Account				Total for Accumulated Surplus Account	Total
		Capital Replacement Reserve(CRR)	Self Insurance Reserve	COID Reserve	Accumulated Surplus		
		R	R		R	R	R
2021							
Balance at 30 June 2020		43,753,467	14,554,815	11,175,544	2,801,912,256	2,871,396,083	2,871,396,083
Correction of Error					3,137,297	3,137,297	3,137,297
Restated Balance	39	43,753,467	14,554,815	11,175,544	2,805,049,553	2,874,533,379	2,874,533,379
Surplus for the year					17,209,511	17,209,511	17,209,511
Transfer to Capital Replacement Reserve		1,113,689			(1,113,689)	-	-
Property, Plant and Equipment purchased		(15,186,372)			15,186,372	-	-
Contribution to Insurance Reserve			1,278,368	514,989	(1,793,357)	-	-
Balance at 30 June 2021		29,680,784	15,833,183	11,690,533	2,834,538,390	2,891,742,890	2,891,742,890
2022							
Restated Balance		29,680,784	15,833,183	11,690,533	2,834,538,390	2,891,742,890	2,891,742,890
Surplus for the year					64,156,842	64,156,842	64,156,842
Transfer to Capital Replacement Reserve		47,286,799			(47,286,799)	-	-
Property, Plant and Equipment purchased		(14,262,583)			14,262,583	-	-
Contribution from Insurance Reserve			(387,933)	286,124	101,809	-	-
Balance at 30 June 2022		62,705,000	15,445,250	11,976,657	2,865,772,825	2,955,899,733	2,955,899,733

Details on the movement of the Funds and Reserves are set out in Note 21.

SOL PLAATJE LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2022

	Note	Actual 2022 R	Actual 2021 R	Budget 2022 R
CASH FLOWS FROM OPERATING ACTIVITIES				
Grants received	26	359,653,145	345,815,595	380,448,977
Sale of goods and services	41	1,355,010,967	1,269,792,424	1,778,759,432
Employee Costs	29	(736,254,804)	(713,780,786)	(841,587,858)
Supplier and other payments	41	(681,186,047)	(868,000,782)	(1,039,083,182)
Cash generated from Operations	41	297,223,261	33,826,452	278,537,369
Interest received	23	134,283,362	108,817,262	9,000,000
(Increase) / decrease in Interest Receivables	41	(104,158,002)	7,491,788	
Interest paid	33	(72,909,233)	(36,467,278)	(22,260,569)
NET CASH FLOWS FROM OPERATING ACTIVITIES		254,439,388	113,668,224	265,276,800
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	9	(189,193,143)	(116,768,244)	(179,266,000)
Purchase of Intangible Assets	10	(14,875,002)	(11,868,822)	
Purchase of Investment Property	11	(2,457,000)	(3,383,384)	
Proceeds on Disposal of Investment Property	11	239,714	40,637	
Donation of Property, Plant and Equipment	41	76,850,394		
Increase / (decrease) in Capital Payables	41	39,842,218	(38,091,000)	
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(89,592,819)	(170,070,814)	(179,266,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
New Finance leases/Finance lease payments		(2,323,731)	5,653,144	
Loans repaid		(10,749,666)	(9,547,596)	(10,734,000)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(13,073,397)	(3,894,452)	(10,734,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6	151,773,172	(60,297,041)	75,276,800
Cash and Cash Equivalents at the beginning of the year		39,009,634	99,306,676	93,891,000
Cash and Cash Equivalents at the end of the year		190,782,806	39,009,634	169,167,800

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act 2003 (Act Number 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

The Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2021 and 30 June 2022 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1. 2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

1. 2. 1 Revenue Recognition

Accounting Policy 10.1 on *Revenue from Exchange Transactions* and Accounting Policy 10.2 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. BASIS OF PRESENTATION (continued)

1. 2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY(continued)

1. 2. 1 Revenue Recognition (continued)

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue, as far as Revenue from Non-Exchange Transactions is concerned. In particular, whether the municipality, (i) when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and (ii) when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year and prior year is appropriate.

1. 2. 2 Water Inventory

The estimation of water inventory in the reservoirs is based on the measurement of water via the electronic level sensors where the level indicates the depth of 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 during determining the volume of water on hand at year end. Refer to Note 2 in the annual financial statements.

1. 2. 3 Budget information

Variations between the budget and actual amounts are regarded as material if they exceed a 10% deviation. All material differences are explained in the notes/appendices to the annual financial statements. Budget and actual figures are presented on the the accrual basis of accounting.

1. 2. 4 Impairment of property, plant and equipment, intangible assets, investment property, heritage assets and inventories

The accounting Policy on "PPE - Impairment of assets and accounting policy", "Heritage assets", "Investment Property" on "Intangible assets - subsequent measurement, amortisation and impairment "and accounting policy on "Inventory - Subsequent measurement" describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of cost and net realisable values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 26: "Impairment of cash generating assets" and GRAP 21: "Impairment of Non - Cash generating Assets". In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involve significant judgment by management.

1. 2. 5 Impairment of financial assets

The accounting policy on Impairment of financial assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP104: 'Financial Instruments' and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the current and prior year is appropriate.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. BASIS OF PRESENTATION (continued)

1. 2. 6 Impairment of trade receivables

The calculation in respect of the impairment of trade receivables 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.

1. 2. 7 Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in the notes. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1. 2. 8 Useful lives of property, plant and equipment, investment property and intangible assets

As described in the accounting policy; 'Property, Plant and Equipment', the municipality depreciates its property, plant and equipment, investment property and amortise intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives and in what condition they will be at that time.

1. 2. 9 Defined benefit plan liabilities

As described in the accounting policy the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Ex-gratia awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 19 to the Annual Financial Statements.

1. 2. 10 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. The accounting policy on Financial Assets Classification and accounting policy on Financial Liabilities Classification describe the factors and criteria considered by management of the municipality in the classification of financial assets and liabilities. In making the above-mentioned judgements, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 "Financial Instruments".

1. 3 PRESENTATION CURRENCY

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

1. 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis. Sol Plaatje Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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1. BASIS OF PRESENTATION (continued)

1. 5 OFFSETTING

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

2. STATUTORY FUNDS AND RESERVES

The accumulated surplus/(deficit) represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/(deficit). Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

2. 1 Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

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

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets, the profit on these assets is reflected in the Statement of Financial Performance and is not transferred to the CRR, as it is regarded as revenue.

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2. STATUTORY FUNDS AND RESERVES (Continued)

2. 2 Self insurance reserve

A general insurance reserve has been established, and subject to reinsurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. Reinsurance premiums paid to external reinsurers and other expenditure are regarded as an expense, and are debited against the operating accounts shown in the Statement of Financial Performance. The net surplus or deficit on the insurance operating accounts is transferred to or from the insurance reserve via the Statement of Changes in Net Assets. The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance.

2. 3 Compensation for occupational injuries and diseases (COID) reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of Section 84 of the COID Act (Act No. 130 of 1993). The certificate of exemption issued by the Commissioner, and as prescribed by the COID Act, requires that the Municipality deposits cash and/or securities with the Commissioner. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. The net surplus or deficit on the COID operating account is transferred to or from the COID reserve via the Statement of Changes in Net Assets.

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

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

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

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

Property, plant and equipment is initially measured at cost on its acquisition date.

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

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

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

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.

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.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequently, all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or surrendered is included in the surplus or deficit when the compensation becomes receivable.

3. 3 Depreciation

Land is not depreciated as it is regarded as having an indefinite useful life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

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

<i>Item</i>	<i>Years</i>
Buildings	30
Furniture and fixtures	5 - 15
Motor vehicles	5 - 15
Computer equipment	5 - 10
Infrastructure	
- Roads and paving	1 - 80
- Electricity	1 - 80
- Water	1 - 100
- Sewerage	1 - 60
- Landfill sites	25 - 55
- Storm water	1 - 60
- Streetlights	1 - 40
Community Buildings	
- Recreational facilities	30
- Security	3 - 15
Machinery and equipment	5 - 15
Water network	15
Land	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed, if there is an indication that a change may have occurred in the estimated useful life or residual value of the asset. If the expectations differ from 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.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Reviewing the useful life of an asset does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in the surplus or deficit unless it is included in the carrying amount of another asset.

**SOL PLAATJE LOCAL MUNICIPALITY
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PROPERTY, PLANT AND EQUIPMENT (continued)

3. 4 Work in progress (WIP)

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. Significantly delayed projects and projects that have ceased entirely are disclosed separately in the notes to the financial statements. Management will review the facts and circumstances around each individual project before classifying it as significantly delayed.

3. 5 Leased Assets

Assets capitalised under finance leases are amortised over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3. 6 Heritage Assets

Heritage assets, which are culturally significant resources of nature (examples are statues, graves, memorial assets, libraries, canons, etc.) and according to GRAP 103 should be shown at cost and are not depreciated owing to uncertainty regarding their estimated useful lives. When the asset does not meet the recognition criteria because it cannot be reliably measured, relevant and useful information about it is disclosed in the notes (note 9.2) to the financial statements.

3. 7 Infrastructure Assets

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

3. 8 Derecognition of property, plant and equipment

An item of Property, Plant and Equipment of the municipality is derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end or the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the municipality.

Gains from the sale of assets are reported separately on the face of the Statements of Financial Performance. Gains or losses from the sale of assets are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds. This is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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4. INTANGIBLE ASSETS

4. 1 Initial Recognition

The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. 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 assets surrendered.

4. 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

In terms of GRAP 31 expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at the later date. Intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period, however such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Amortisation only commences when the asset is available for use, unless stated otherwise.

4. 3 Derecognition

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

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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5. INVESTMENT PROPERTY

5. 1 Initial Recognition

Investment property includes property e.g. (land or a building, or part of a building, or both land or 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.

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 the cost at date of completion.

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. e.g. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases. This will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as property, plant and equipment or Inventory, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
- Property held for strategic purposes or service delivery.

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5. INVESTMENT PROPERTY (continued)

5. 2 Subsequent Measurement - Cost Model

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-Line Method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The gain or loss arising on the disposal of an Investments proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5. 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

5. 4 Depreciation and impairment

Investment properties are annually tested for impairment, including investment properties not yet available for use. Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and depreciation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Depreciation is charged on a straight-line basis over the assets' useful lives. The residual value of assets with finite useful lives is zero, unless an active market exists. Where investment properties are deemed to have an indefinite useful life, such assets are not depreciated (e.g. land).

6. FINANCIAL INSTRUMENTS

6. 1 Financial Assets - Classification

A financial asset is any asset that is cash or contractual right to receive cash.

In accordance with GRAP 104 the financial assets of the municipality are classified as follows into the categories allowed by this standard.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that are quoted in an active market. They are included in current assets except for maturity greater than 12 months which are classified as non current assets. Financial assets at amortised cost are initially recognised at fair value plus transaction cost are directly attributable to the acquisition or issue of the financial asset. After initial recognition financial assets are measured at amortised cost using the effective interest rate method less the provision for impairment.

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6. FINANCIAL INSTRUMENTS (continued)

Financial assets at cost are investments in residual interests that do not have a quoted market price in an active

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

The municipality has the following types of financial assets on the face of the State of Financial Position:

Class	Category
Non - current Investments	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Bank, cash and cash equivalents	Financial asset measured at amortised cost
Statutory receivables from non-exchange transaction:	Financial asset measured at amortised cost
Statutory receivables from exchange transactions	Financial asset measured at amortised cost

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

6. 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The municipality has the following types of financial liabilities on the face of the State of Financial Position:

Class	Category
Long-term Liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non- exchange transactions	Financial liability measured at amortised cost
Bank Overdraft	Financial liability measured at amortised cost
Short-term Loans	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

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6. FINANCIAL INSTRUMENTS (continued)

6. 3 Risk management of financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risks and exposure are disclosed as follows:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk is disclosed.

A sensitivity analysis for each of the market risks is done.

Credit risk

Credit risk is the risk of financial loss to the Municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the municipality receivables from customers and investment securities.

Each class of financial instrument is disclosed separately.

Maximum exposure to credit risk not covered by collateral is specified.

Financial instruments covered by collateral are specified.

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

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FINANCIAL INSTRUMENTS (continued)

6. 3 Risk management of financial assets and liabilities(continued)

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

6. 4 Impairment of financial assets and derecognition of financial assets and liabilities

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

The municipality shall derecognise a financial asset only when:

- (a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- (b) the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (c) the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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 shall:

- (i) derecognise the asset; and
- (ii) recognise separately any rights and obligations created or retained in the transfer. The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

The municipality shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

6. 5 Consumer Deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit in terms of the budget policy as set and reviewed by the municipality on an annual basis. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

7. LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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7. 1 Finance leases - Municipality as lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Any contingent rents are expensed in the period in which they are incurred.

7. 2 Operating leases - Municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

7. 3 Operating leases - Municipality as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

8. INVENTORY

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs is deemed to be equal to its fair value at the date of acquisition. Where inventory is manufactured, constructed or produced, the cost includes, the cost of labour, materials and overheads used during the manufacturing.

8. 1 Subsequent measurement

Included in inventory are consumable stores, raw materials, Work in progress, water inventory, unsold properties and other arrangements. Subsequently inventories are measured at the lower of cost and net realisable value.

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

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

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

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

The cost of inventory comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned using specific identification of the individual costs. The cost of inventories is assigned using the first-in-first-out cost formula. When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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9. Municipal Standard Chart of Accounts (mSCOA)

Municipal Standard Chart of Accounts (mSCOA) Implementation and Reclassification The Municipal Regulations on Standard Chart of Accounts promulgated in terms of Government Gazette 37577 dated 22 April 2014 apply to all municipalities and municipal entities and became effective from 1 July 2017. The main objective of this regulation is to provide for a national standard in respect of uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which: a) are aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard chart of accounts for national and provincial government; and b) enable uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere. The impact of this mSCOA regulations definitely affected the municipality's current business processes; transacting and reporting requirements.

10 REVENUE RECOGNITION

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

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

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

10 1. Revenue from Exchange Transactions

10 1. 1. Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs. Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month. Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly. In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10.1 2 Prepaid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and payment is made in the month before year end, it's recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

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10. REVENUE RECOGNITION (continued)

10.1.3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time-proportionate basis that takes into account the effective yield on the investment. Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors

10.1.4 Tariff charges

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

10.1.5 Income from Agency Services

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

10.1.6 Sale of goods (including houses)

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

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with
- 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.

10.1.7 Rentals

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

10.2. 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.

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

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10. REVENUE RECOGNITION (continued)

10.2.1 Rates and Taxes

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

Revenue arising from taxation transactions will be measured at their fair value as at the date of the transaction. Rates and Taxes transactions are measured at the best estimate of the inflow of resources to the entity. The estimation will take into account both the probability that the resources arising from taxation transactions will flow to the municipality and the fair value of the transaction. Receivables at year end with regards to rates and taxes are considered to be statutory receivables and is accounted for in terms of the accounting policy for statutory receivables.

10.2.2 Fines

Fines are defined as revenue from non-exchange transactions. It is revenue that arises from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Fines will be accounted on a accrual basis based on IGRAP 1. Fines constitute both spot fines and summonses for which revenue is recognised in accordance with the requirements of IGRAP1. Fines are economic benefits or service potential received or receivable by entities as determined by a court or other law enforcement body as a consequence of breach of laws and regulations. Where a defendant reaches an agreement with a prosecutor that includes a payment of a penalty, instead of being tried in court, that penalty is recognised as a fine. Receivables at year end with regards to traffic fines are considered to be statutory receivables and is accounted for in terms of the accounting policy for statutory receivables.

Initial recognition

Revenue from fines shall be recognised when an inflow of resources from non-exchange transaction is probable. The probability of inflow shall be determined when an allegation that an offence has been committed and that the offender must appear in court or before other law enforcement body. Normally, fines require an entity/offender to transfer a fixed amount of cash to the municipality and do not impose the obligation to the municipality to recognise a liability, as such fines shall be recognised as revenue when receivables meets the definition of an asset and satisfies the criteria for recognition as an asset.

Measurement

At initial and subsequent recognition, fines shall be measured based on fair value of the asset.

Impairment

Fines shall be assessed for indicators of impairment at the end of each reporting period. Fines not collected or fines where no warrant of arrests or summonses have been issued shall be impaired at measurement date.

10.2.3 Other donations and contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use. On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition/donation.

10.2.4 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

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. Such revenue is based on legislated procedures and is recognised when the recovery thereof from the responsible councillor or officials is virtually certain.

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10.2.5 Conditional grants and receipts

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

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Government grants and conditional receipts are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.
- best estimate of expenditure

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

11. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

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

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

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11. PROVISIONS AND CONTINGENCIES (continued)

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

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

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

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on

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

11. 1. Environmental rehabilitation provision

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

12. EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

12. 1 Short-term employee benefits

The cost of all short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognised during the period in which the employee renders the related service and are not discounted. The Municipality recognises the expected cost of performance bonuses only when the Municipality has a present legal or constructive obligation to make such payment, and a reliable estimate can be made. The Municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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12. EMPLOYEE BENEFITS (continued)

12.2 Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post employment benefit plans under which an entity 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. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries. Past-service costs are recognised immediately.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur. In measuring its defined benefit liability the municipality shall, recognise past service cost as an expense in the reporting period in which the plan is amended.

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12. EMPLOYEE BENEFITS (continued)

Ex-Gratia Arrangements

Ex-gratia arrangements are paid to employees who are not part of the Municipality's formalised pension arrangements. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

13. BORROWING COST

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

14. IMPAIRMENT

Cash-generating assets are those assets used by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return. An asset is designated as cash generating prospectively once indicators of impairment exist when the revenue earned through the use of the asset exceeds the expenditure incurred in the operation of the assets. The asset therefore generates a commercial return. If the expenditure incurred in the operation of the asset exceeds the revenue generated by the asset the asset will be designated as non-cash generating for impairment purposes.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. 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. Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

- The municipality has looked at the definition of cash generating assets which determine that an asset can be identified as cash generating asset if there is a commercial return.
- The municipality do not operate in a profit-oriented manner and the main focus is to provide a service therefor all the assets will be classified as non-cash-generating assets.

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14. IMPAIRMENT(continued)

14.1 Impairment of Cash generated Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm length transaction, adjusted for the incremental cost that would be directly attributed to the disposal of the assets.

A value in use of a cash generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

14.2 Impairment of Non-Cash generated assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit in the statement of financial performance.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. The recoverable service amount of those assets are estimated by using the depreciated replacement cost approach in term of GRAP 21.

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15. HERITAGE ASSETS

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

15.1. Initial Recognition

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

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage asset purchases price and other costs attributable to bring the asset to the location and condition necessary for it to be call operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also included the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

The cost of an item of heritage assets acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its measured at the carrying amount of the asset given up.

15.2. Subsequent measurement

Subsequent expenditure relating to heritage assets capitalised if it is probable that future economic benefits of potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost of fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalise it increase the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an heritage asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all the heritage assets are measured at cost less accumulated impairment losses. Heritage assets are not depreciated, owing to uncertainty regarding to their estimated useful lives.

The carrying amount of a heritage asset shall be derecognised:

- (a) on disposal (including disposal through a non-exchange transaction), or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

16. GRANTS-IN-AID

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

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

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17. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payment basis in accordance with section 15(2)(a) of the Value Added Tax Act (Act No 89 of 1991)

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including
(a) MFMA number 56 of 2003
(b) Public Office Bearers Act (Act No. 20 of 1998)

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

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

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

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

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20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure (as described as per the Municipal Finance Management Act) is expenditure which was made in vain and would have been avoided had reasonable care been exercised. In terms of circular 99 National Treasury except interest on overdue accounts from being classified as fruitless and wasteful expenditure as a result of the impact which Covid 19 has had on the economy and local government. Management has assessed this impact as still being relevant at the reporting date, therefore applying the exception up to the end of the financial period.

21. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support are transferred to the various services and departments to who resources are made available.

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to notes for details of changes in accounting policies. Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to the notes to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. TRANSLATION TO FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

25. COMPARATIVE FIGURES

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

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26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle 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 wholly within the control of the entity. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

27. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Only capital commitments are disclosed.

Commitments are disclosed for:

- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

28. EVENTS AFTER REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

29. COMPARATIVE OF ACTUAL INFORMATION TO BUDGETED INFORMATION

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2021 to 30 June 2022. In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

Current year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed. Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior periods.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

30. STATUTORY RECEIVABLES IDENTIFICATION

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of the Standard of GRAP on Statutory Receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

30.1. Statutory Receivables Recognition

The municipality recognises statutory receivables as follows:

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

30.2. Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

30.3. Subsequent measurement

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

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate. Interest on statutory receivables is recognised as revenue in accordance with the accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

30.4. Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

30. STATUTORY RECEIVABLES IDENTIFICATION (continued)

30. 5. Impairment losses

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

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

- significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- it is probable that the receivable 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.

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

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 adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

30. 6. Derecognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another

party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally

and without needing to impose additional restrictions on the transfer. In this case, the municipality:

- derecognises the receivable; and
- recognises separately any rights and obligations created or retained in the transfer.

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

31. ACCOUNTING FOR PRINCIPAL OR AGENT AGREEMENTS

The municipality shall assess whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of a binding arrangement. The assessment requires the assessment whether the transactions undertaken with the third parties are for the benefit of another entity or for its own benefit. If the municipality is the principal, revenue and expenses that arise from transactions with the third parties are recognised by the municipality. Only that portion of the revenue and expenses the municipality receives or incurs in executing the transactions on behalf of the principal is recognised when the municipality is the agent. Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified, paid over and invoiced to the principal. Assets and liabilities arising from principal-agent arrangements are recognised in accordance with the requirements of the GRAP standards applicable to the specific assets and related liabilities.

**SOL PLAATJE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

32. ACCOUNTING FOR SEGMENT REPORTING

A segment is an activity that generates economic benefits or service potential, whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity in assessing its performance and for which separate financial information is available. The objective of segment reporting is to provide information about the specific operational objectives and major activities of the municipality as well as the resources devoted to and costs of these objectives and activities.

The reportable segments of the municipality are the actual segments which are used for internal reporting requirements which is based on a directorate level within the municipal structure. The identified segments of the municipality is as follows, Directorate Executive and Council, Municipal General, Municipal Manager, Corporate Services, Community Services, Financial Services, Strategic and Economic Development, Infrastructure and Services. The factors used to identify reportable segments include the nature as well and the reporting lines and allocation of responsibilities within the municipality. Segments were aggregated for reporting purposes. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
1. GENERAL INFORMATION		
Sol Plaatje Local Municipality (the municipality) is a local government institution in Kimberley, Northern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements. The principal activities of the municipality are prescribed by The Constitution.		
2. INVENTORY		
Inventory Stores - at cost	41,982,544	30,585,564
Inventory Land	5,222,713	5,222,713
Water - at cost	<u>2,248,291</u>	<u>2,083,200</u>
Total Inventory	<u>49,453,548</u>	<u>37,891,477</u>
The net realisable value of the above water inventory is seen as higher than the cost as stipulated above.		
The cost of Inventories recognised as an expense (included in general expenses) in respect of write downs of Inventory to Net Realisable Value and which was approved by Council amounted to:		
	139,800	79,910
The cost of Inventories recognised as an expense during the period was:		
	60,348,910	59,114,598

3. ASSETS TO BE DISPOSED

The municipality intends to dispose some of its Property, Plant and Equipment through public auction within the next twelve months.

4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Allowance for Impairment	Net Balances
As at 30 June 2022			
Service Debtors:	2,139,233,512	700,769,418	1,438,464,094
Electricity	344,909,585	112,985,370	231,924,215
Refuse	162,232,222	53,143,979	109,088,244
Sewerage	209,485,424	68,623,167	140,862,257
Water	693,752,368	227,259,175	466,493,193
Miscellaneous	<u>728,853,913</u>	<u>238,757,728</u>	<u>490,096,185</u>
Market	942,021	308,587	633,434
Housing Debtors	49,610,881	16,251,516	33,359,365
Sub-Total	<u>2,189,786,414</u>	<u>717,329,521</u>	<u>1,472,456,893</u>
Non current portion	(52,270,916)		(52,270,916)
Total	<u>2,137,515,497</u>	<u>717,329,521</u>	<u>1,420,185,976</u>

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

	Gross Balances	Allowance for Impairment	Net Balances
As at 30 June 2021			
Service Debtors:	1,780,982,070	535,304,767	1,245,677,303
Electricity	270,452,628	81,299,674	189,152,954
Refuse	132,028,552	39,688,571	92,339,982
Sewerage	168,829,624	50,751,192	118,078,432
Water	573,380,971	172,361,741	401,019,230
Miscellaneous	636,290,294	191,203,589	445,086,706
Market	929,772	279,495	650,277
Housing Debtors	40,762,907	12,253,573	28,509,334
Sub-Total	1,822,674,748	547,837,835	1,274,836,914
Non current portion	(25,204,431)		(25,204,431)
Total	1,797,470,317	547,837,835	1,249,632,482

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors. Miscellaneous consist mainly out of interest charged on outstanding debtors and VAT on all services.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors. The Municipality does not require collateral in respect of trade and other receivables, except for consumer deposits made by consumers with the connection of water and electricity services.

	2022 R	2021 R
4.1 Ageing of Exchange Debtors		
Electricity: Ageing		
<u>Current:</u>		
0 - 30 days	67,178,563	49,575,760
<u>Past Due:</u>		
31 - 60 Days	15,558,030	13,061,896
61 - 90 Days	11,480,662	15,442,288
+ 90 Days	250,692,330	192,372,683
Total	344,909,585	270,452,628
Refuse: Ageing		
<u>Current:</u>		
0 - 30 days	5,943,238	4,877,616
<u>Past Due:</u>		
31 - 60 Days	4,162,319	3,528,863
61 - 90 Days	3,695,445	3,220,138
+ 90 Days	148,431,220	120,401,935
Total	162,232,222	132,028,552
Sewerage: Ageing		
<u>Current:</u>		
0 - 30 days	7,575,413	6,293,101
<u>Past Due:</u>		
31 - 60 Days	5,439,948	4,608,046
61 - 90 Days	4,878,039	4,269,895
+ 90 Days	191,592,025	153,658,582
Total	209,485,424	168,829,624

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)		
Water: Ageing		
<i>Current:</i>		
0 - 30 days	36,404,327	36,003,998
<i>Past Due:</i>		
31 - 60 Days	19,501,690	17,867,459
61 - 90 Days	18,492,141	17,499,568
+ 90 Days	619,354,210	502,009,947
Total	<u>693,752,368</u>	<u>573,380,971</u>
Miscellaneous: Ageing		
<i>Current:</i>		
0 - 30 days	24,008,081	17,760,730
<i>Past Due:</i>		
31 - 60 Days	13,688,971	13,102,674
61 - 90 Days	12,038,598	17,302,232
+ 90 Days	680,060,284	589,054,430
Total	<u>729,795,934</u>	<u>637,220,066</u>
Housing Rentals: Ageing		
<i>Current:</i>		
0 - 30 days	2,304,449	557,810
<i>Past Due:</i>		
31 - 60 Days	1,512,823	501,535
61 - 90 Days	1,036,266	488,086
+ 90 Days	44,757,343	39,215,476
Total	<u>49,610,881</u>	<u>40,762,907</u>

4.2 Summary of Debtors by Classification (Exchange and Non-Exchange Transactions)

	Household R	Industrial/ Commercial R	National and Provincial Government R	Total R
As at 30 June 2022				
<i>Current:</i>				
0 - 30 days	162,586,291	49,272,739	44,669,403	256,528,433
<i>Past Due:</i>				
31 - 60 Days	35,922,806	19,701,658	10,884,972	66,509,436
61 - 90 Days	36,440,706	14,745,398	10,717,627	61,903,731
+ 90 Days	1,562,244,586	327,731,884	754,866,767	2,644,843,237
Sub-Total	<u>1,797,194,390</u>	<u>411,451,679</u>	<u>821,138,769</u>	<u>3,029,784,837</u>
Less: Allowance for Impairment	593,306,054	135,832,147	271,081,751	1,000,219,952
Total Debtors by Classification	<u>1,203,888,336</u>	<u>275,619,532</u>	<u>550,057,018</u>	<u>2,029,564,886</u>
As at 30 June 2021				
<i>Current:</i>				
0 - 30 days	137,058,531	46,644,118	32,054,994	215,757,643
<i>Past Due:</i>				
31 - 60 Days	39,304,182	18,865,316	13,913,718	72,083,216
61 - 90 Days	33,374,147	12,000,806	15,250,463	60,625,416
+ 90 Days	1,269,856,191	248,517,835	648,255,900	2,166,629,926
Sub-Total	<u>1,479,593,051</u>	<u>326,028,075</u>	<u>709,475,075</u>	<u>2,515,096,201</u>
Less: Allowance for Impairment	447,828,450	98,420,562	214,736,831	760,985,843
Total Debtors by Classification	<u>1,031,764,601</u>	<u>227,607,513</u>	<u>494,738,244</u>	<u>1,754,110,358</u>

The amount for debtors past due more than the impairment loss provided for is seen as recoverable therefore no impairment loss has been provided for this excess amount. Management is of the opinion that the current debtors is fully recoverable.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022
R

2021
R

4.3 Reconciliation of the Allowance for Impairment (Exchange and Non-Exchange)

Balance at beginning of year	760,985,843	782,974,694
Impairment Loss recognised	274,504,074	308,219,763
Amounts written off as uncollectable	<u>(35,269,966)</u>	<u>(330,208,614)</u>
Balance at end of year	<u>1,000,219,952</u>	<u>760,985,843</u>

In determining the recoverability of debtors, the municipality has implemented a risk based approach. Individual accounts are assessed and based on the risk factors identified, the adjusted present value of future cash flows of each account is determined. The difference between the adjusted cash flows and the current value is recognised as an impairment loss.

4.4 Ageing of impairment

0 - 30 Days	4,169,539	3,172,263
31 - 60 Days	3,180,456	2,419,749
61 - 90 Days	2,779,736	2,114,875
+ 90 Days	<u>990,090,221</u>	<u>753,278,957</u>
Total	<u>1,000,219,952</u>	<u>760,985,843</u>

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

5.1 Statutory Receivables from Non-Exchange Transactions

Assessment Rates	817,908,234	671,013,506
Traffic Fines	<u>15,626,003</u>	<u>12,020,750</u>
	833,534,237	683,034,256
Less: Allowance for Impairment - Traffic Fines	(14,960,317)	(11,368,275)
Less: Allowance for Impairment - Assessment Rates	<u>(267,930,113)</u>	<u>(201,779,734)</u>
Total Other Debtors	550,643,807	469,886,247
Non current portion	<u>(18,370,630)</u>	<u>(8,814,962)</u>
Total Statutory Receivables from Non-Exchange Transactions	<u>532,273,177</u>	<u>461,071,285</u>

Statutory Receivables arises from the following legislation:

Assessment Rates	- Municipal Properties Rates Act (No.6 of 2004)
Traffic Fines	- Criminal Procedures Act

5.2 Trade receivables from Non-Exchange Transactions

Government Subsidy Claims	1,363,582	6,320,170
Miscellaneous debtors	<u>5,100,604</u>	<u>3,067,027</u>
	6,464,187	9,387,197
Total Trade receivables from Non-Exchange Transactions	<u>6,464,187</u>	<u>9,387,197</u>
Total Receivables from Non-Exchange Transactions	<u>538,737,363</u>	<u>470,458,482</u>

5.3 Ageing of Receivables

Rates: Ageing

Current:

0 - 30 days	35,618,226	32,637,108
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Past Due:

31 - 60 Days	17,632,348	15,381,046
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61 - 90 Days	14,888,288	13,861,010
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+ 90 Days	<u>749,769,372</u>	<u>609,134,342</u>
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Total	<u>817,908,234</u>	<u>671,013,506</u>
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It is impracticable to age traffic fines as the information is not with the municipality and the amount is impaired at year end.

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments. All Grants and Subsidies are outstanding for more than 90 days.

6. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	49,987,031	40,110,796
Bank/(Bank Overdraft)	<u>140,795,775</u>	<u>(1,101,162)</u>
Total Cash and Cash Equivalents	<u>190,782,806</u>	<u>39,009,634</u>

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

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
6. CASH AND CASH EQUIVALENTS (Continued)		
6.1 Current Investment Deposits		
Call Deposits	21,601,106	11,750,000
Notice Deposits	28,374,365	28,349,136
Total Current Investment Deposits	49,975,471	40,099,136

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4.1% to 4.6% per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates from 5.85% to 7.40% per annum.

A fixed deposit of R7,401,162 (20/21: R7,375,933) was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.

A fixed deposit of R20,973,203 (20/21: R20,973,203) was invested and ceded to Development Bank of South Africa representing the equivalent of one instalment of a loan taken up during the current financial year.

6.2 Bank Accounts

Cash book balance

Cash book balance at beginning of year	(1,101,162)	48,694,827
Cash book balance at end of year	140,795,775	(1,101,162)

The following disclosures in terms of Municipal Finance Management Act (MFMA) section 125 2(a):

Current Account (Primary Bank Account)

The Municipality has the following main bank account:

Standard Bank Kimberley Old Main Road

Account Number 040065367

Primary Bank account 040065367

Bank statement balance at beginning of year / (overdrawn)	16,525,033	37,334,001
Bank statement balance at end of year / (overdrawn)	142,872,272	16,525,033

Sub account -Resort 040039072

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

Sub account -Traffic 040036340

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

Sub account -Stores 040065405

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

Sub account -Salary 040065391

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

Sub account -Market 040065383

Bank statement balance at beginning of year / (overdrawn)	-	-
Bank statement balance at end of year / (overdrawn)	-	-

Interest on overdrawn current accounts are charged at the bank's prime rate per annum. Interest is earned at different rates per annum on favourable balances.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
6. CASH AND CASH EQUIVALENTS (Continued)		
6.3 Cash and Cash equivalents		
Cash Floats and Advances	11,560	11,660
Cash on hand in Cash Floats, Advances and Equivalents	11,560	11,660

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair value.

7. OPERATING LEASE ASSETS / RECEIVABLES

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to property owned by the municipality with lease terms of between 1 to 10 years. The lessees do not have an option to purchase the property at the expiration of the lease period. Operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

Rental Revenue earned from Investment Property	259,242	179,829
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7.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	1,667,527	1,695,837
2 to 5 years	3,478,373	3,229,837
More than 5 years	832,790	1,231,742
Total Operating Lease Arrangements	5,978,690	6,157,417

The following restrictions have been imposed by the municipality in terms of its lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

8. STATUTORY RECEIVABLE FROM EXCHANGE TRANSACTIONS

Vat Receivable from Exchange Transactions	13,942,586	-
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Vat is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

Statutory Receivables arises from the following legislation:

Taxes - Value Added Tax Act (No.89 of 1991)

9. PROPERTY, PLANT AND EQUIPMENT(PPE) AND HERITAGE ASSETS

30 June 2022

Reconciliation of Carrying Value

Description	Infra-structure	Community	Other	Total PPE	Heritage	Total
	R	R	R	R	R	R
Carrying values at 01 July 2021	1,581,314,499	249,654,549	49,361,326	1,880,330,375	12,070,884	1,892,401,259
Cost	2,201,252,138	339,025,690	167,443,571	2,707,721,400	12,070,884	2,719,792,284
- Completed Assets	1,616,321,642	325,580,540	167,443,571	2,109,345,753	6,017,355	2,115,363,108
- Under Construction	584,930,496	13,445,151	-	598,375,647	6,053,530	604,429,176
Accumulated Impairment Losses	(11,327,214)	-	-	(11,327,214)	-	(11,327,214)
Accumulated Depreciation:	(608,610,425)	(89,371,141)	(118,082,245)	(816,063,811)	-	(816,063,811)
- Cost	(608,610,425)	(89,371,141)	(118,082,245)	(816,063,811)	-	(816,063,811)
Acquisitions	5,465,730	71,799,994	7,680,308	84,946,032	-	84,946,032
Capital under Construction - Additions	97,604,174	6,642,937	-	104,247,111	-	104,247,111
- Cost	97,604,174	6,642,937	-	104,247,111	-	104,247,111
Depreciation:	(42,578,663)	(9,870,328)	(13,632,245)	(66,081,235)	-	(66,081,235)
- Based on Cost	(42,578,663)	(9,870,328)	(13,632,245)	(66,081,235)	-	(66,081,235)
Carrying values at 30 June 2022	1,641,805,741	318,227,153	43,409,389	2,003,442,282	12,070,884	2,015,513,166
Cost	2,304,322,042	417,468,621	175,123,879	2,896,914,542	12,070,884	2,908,985,426
- Completed Assets	1,621,787,372	397,380,534	175,123,879	2,194,291,784	6,017,355	2,200,309,139
- Under Construction	682,534,670	20,088,088	-	702,622,758	6,053,530	708,676,287
Accumulated Impairment Loss	(11,327,214)	-	-	(11,327,214)	-	(11,327,214)
Accumulated Depreciation:	(651,189,087)	(99,241,469)	(131,714,490)	(882,145,047)	-	(882,145,047)
- Cost	(651,189,087)	(99,241,469)	(131,714,490)	(882,145,047)	-	(882,145,047)

30 June 2021

Reconciliation of Carrying Value

Description	Infra-structure	Community	Other	Total PPE	Heritage	Total
	R	R	R	R	R	R
Carrying values at 01 July 2020	1,516,930,721	251,745,219	48,571,763	1,817,247,702	12,070,884	1,829,318,586
Cost	2,094,798,231	333,108,380	163,046,544	2,590,953,155	12,070,884	2,603,024,040
- Completed Assets	1,616,162,576	325,360,534	161,460,125	2,102,983,235	6,017,355	2,109,000,589
- Under Construction	478,635,655	7,747,847	1,586,418	487,969,921	6,053,530	494,023,450
Accumulated Impairment Losses	(11,327,214)	-	-	(11,327,214)	-	(11,327,214)
Accumulated Depreciation:	(566,540,297)	(81,363,162)	(114,474,781)	(762,378,239)	-	(762,378,239)
- Cost	(566,540,297)	(81,363,162)	(114,474,781)	(762,378,239)	-	(762,378,239)
Restated carrying values at 01 July 2020	1,516,930,721	251,745,219	48,571,763	1,817,247,702	12,070,884	1,829,318,586
Acquisitions	159,066	220,006	4,397,028	4,776,100	-	4,776,100
Capital under Construction - Additions	106,294,841	5,697,304	-	111,992,144	-	111,992,144
- Cost	106,294,841	5,697,304	-	111,992,144	-	111,992,144
Depreciation:	(42,070,128)	(8,007,979)	(3,607,464)	(53,685,572)	-	(53,685,572)
- Based on Cost	(42,070,128)	(8,007,979)	(3,607,464)	(53,685,572)	-	(53,685,572)
Capital under Construction - Completed	-	-	(1,586,418)	(1,586,418)	-	(1,586,418)
Carrying values at 30 June 2021	1,581,314,499	249,654,549	49,361,326	1,880,330,375	12,070,884	1,892,401,259
Cost	2,201,252,138	339,025,690	167,443,571	2,707,721,400	12,070,884	2,719,792,284
- Completed Assets	1,616,321,642	325,580,540	167,443,571	2,109,345,753	6,017,355	2,115,363,108
- Under Construction	584,930,496	13,445,151	-	598,375,647	6,053,530	604,429,176
Accumulated Impairment Losses	(11,327,214)	-	-	(11,327,214)	-	(11,327,214)
Accumulated Depreciation:	(608,610,425)	(89,371,141)	(118,082,245)	(816,063,811)	-	(816,063,811)
- Cost	(608,610,425)	(89,371,141)	(118,082,245)	(816,063,811)	-	(816,063,811)

Refer to Appendices "B, C and Notes 37 and 61.2" for more detail on Property, Plant and Equipment, including those in the course of construction and amount spend on repairs and maintenance. None of the municipality's Assets which form part of Property, plant and equipment has been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Assets of the municipality.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
9. PROPERTY, PLANT AND EQUIPMENT AND HERITAGE ASSETS (Continued)		
9.1 Carrying Amount of Property, Plant and Equipment temporarily idle:		
An element of plant of the Municipality is currently temporarily not in use. The carrying amount of this asset, which is included in the reconciliation of the carrying value of Property, Plant and Equipment as above, is as follows:	<u>50</u>	<u>13,859</u>
9.2 Heritage Assets		
The municipality identified certain categories of assets that can be classified as Heritage Assets. Some of these categories are not valued due to the fact that no active market exists for these items and therefore no value can be attached to it. The mentioned categories are: <i>Municipal Jewellery, Antique Paintings, Monuments (including plaques or busts)</i> . The note below gives the detail of the composition of the heritage registers and the values attached thereto. Heritage assets disclosed in the financial statements consist of the following:		
Land (24 areas)	5,981,199	5,981,199
Antiques Other (38 items)	36,156	36,156
Antiques Paintings (15 items)	-	-
Municipal Jewellery (2 items)	-	-
Monuments (13 items)	-	-
Monuments (Work in progress)	6,053,530	6,053,530
Total	<u>12,070,884</u>	<u>12,070,884</u>
9.3 Work in Progress (WIP) - Projects significantly delayed		
The Riverton high lift pumps project is complete, formal close out report to be submitted	2,325,266	2,325,266
The Ritchie Bulk Water Augmentation project is complete, formal close out report to be submitted	6,547,655	6,547,655
Delays were encountered previously by the Homevale Fire Station Project Contractor, due to his cash-flow problem, these have been resolved and the project is nearing completion and will be completed in the 22/23 FY	14,830,709	12,802,619
The Lerato Park Bulk water component of the project is complete however due to change of scope on the sewer infrastructure, the project was delayed and will be completed in the 22/23 FY	17,752,142	17,752,142
The Nelson Mandela monument project has been delayed due to the fact that there are ongoing investigations pertaining to this project.	6,053,530	6,053,530
The Galeshewe Transport Link project has been completed, formal close out report to be submitted	21,896,308	21,896,308
The Galeshewe Storm water Project is implemented in phases. The recent completed phase is Phase 2: Priority 2A. Whilst Phase2, Priority 2B commenced late in the 20/21 FY to be completed in the 22/23 FY. This is an ongoing project.	203,669,894	194,206,067
The Gogga seweroutfall line project is complete, close out report to be submitted.	21,287,134	21,287,134
The reconstruction of the sink toilets in Kutlwanong commenced during late 20/21 FY and will be completed during 22/23 FY	13,103,007	5,261,523
The Newton water treatment plant project was not completed due to funding shortfall.	9,533,660	5,495,830
Various electricity projects delayed due to SCM procedures and insufficient funding.	115,406,285	80,857,799

10. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Loss

21,237,984 **10,135,671**

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2021	10,135,671	10,135,671
Cost	33,788,209	33,788,209
Accumulated Amortisation	(23,652,539)	(23,652,539)
Acquisitions during the Year:	14,875,002	14,875,002
Purchased	14,875,002	14,875,002
Amortisation during the Year:	(3,772,689)	(3,772,689)
Purchased	(3,772,689)	(3,772,689)
Carrying values at 30 June 2022	21,237,984	21,237,984
Cost	48,663,212	48,663,212
Accumulated Amortisation	(27,425,228)	(27,425,228)
	Computer Software	Total
Carrying values at 01 July 2020	2,508,303	2,508,303
Cost	21,919,388	21,919,388
Accumulated Amortisation	(19,411,085)	(19,411,085)
Acquisitions during the Year:	11,868,822	11,868,822
Purchased	11,868,822	11,868,822
Amortisation during the Year:	(4,241,454)	(4,241,454)
Purchased	(4,241,454)	(4,241,454)
Carrying values at 30 June 2021	10,135,671	10,135,671
Cost	33,788,209	33,788,209
Accumulated Amortisation	(23,652,539)	(23,652,539)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31). All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Intangible Assets of the municipality.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022 **2021**
R **R**

10. INTANGIBLE ASSETS (Continued)

Carrying amount of Assets subject to finance leases:

	2022	2021
	R	R
Carrying values at 1 July	7,623,297	1,826,777
Amortisation during the Year	(3,711,189)	(3,588,823)
Acquisitions during the Year	1,131,600	9,385,343
Carrying value at 30 June	5,043,708	7,623,297

Finance leases refer to note 18.1

11. INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	209,106,077	207,094,945
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The movement in Investment Property is reconciled as follows:

	2022	2021
	R	R
Carrying values at 1 July	207,094,945	203,954,030
Cost	209,646,197	206,303,449
Accumulated Depreciation	(2,551,251)	(2,349,419)
Acquisitions during the Year	2,457,000	3,383,384
Depreciation during the Year	(206,155)	(201,832)
Disposals during the Year:	(239,714)	(40,637)
At Cost	(239,714)	(40,637)
Carrying values at 30 June	209,106,077	207,094,945
Cost	211,863,483	209,646,197
Accumulated Depreciation	(2,757,406)	(2,551,251)
Cost of Investment Property at 30 June	211,863,483	211,662,678

Revenue and Expenditure disclosed in the Statement of Financial Performance include: Rental	259,242	179,829
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. Impairment is assessed annually and if an indicator of impairment is identified, the investment property will be impaired.

There are no contractual obligations on Investment Property.

12. LONG-TERM RECEIVABLES

Staff were previously entitled to loans from the Municipality. This practice has been phased out by the Municipality in terms of the requirements of the MFMA. Subsequent to this change in policy, all loans have been repaid.

13. CONSUMER DEPOSITS

Electricity and Water	42,977,290	39,649,651
Total Consumer Deposits	42,977,290	39,649,651
Guarantees held in lieu of Electricity and Water Deposits	2,007,428	2,007,428

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
14. EMPLOYEE BENEFITS		
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19 below)	11,269,000	10,305,000
Current Portion of Ex-Gratia Liability (See Note 19 below):	459,000	715,000
Ex-Gratia Arrangements	459,000	715,000
Accrued Leave	61,822,025	63,881,371
Staff Bonuses	12,780,164	12,721,501
Total Provisions	86,330,189	87,622,873

Accrued Leave accrues to the staff of the municipality on a monthly basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

15. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	972,148,149	416,520,642
Payments received in Advance	40,187,089	42,849,789
Other Payables	725,096	725,096
Total Payables	1,013,060,334	460,095,526

Various immaterial individual creditor balances have been restated for the prior year. Refer to Note 39 on "Correction of Error" for the quantum of the restatement as at 30 June 2021.

The required average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. For the current financial year due to cash flow constraints not all payments were made in 30 days.

The management of the municipality is of the opinion that the carrying value of Creditors approximate

16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

16.1 Conditional Grants from Government

	1,725,515	6,273,218
Grants	1,725,515	6,273,218
Total Conditional Grants and Receipts	1,725,515	6,273,218

See Note 26 for the reconciliation of Grants from Other Spheres of Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. Refer to Appendix "E" for more detail on Conditional Grants.

17. VAT PAYABLE FROM EXCHANGE TRANSACTIONS

Vat Payable from Exchange Transactions	-	32,907,254
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Vat is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
18. LONG TERM LIABILITIES		
Annuity Loans	171,517,303	182,266,969
Finance Lease Liabilities	4,033,008	6,356,739
Sub-total	175,550,311	188,623,708
Less: Current Portion transferred to Current Liabilities:-	16,113,905	13,620,697
Annuity Loans	12,083,938	10,729,101
Finance Lease Liabilities	4,029,967	2,891,596
Total Long-term Liabilities	159,436,407	175,003,011

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

R24,000,000 of the Debtors book as well as an investment of R20,973,203 with Standard Bank have been ceded as security on two of the loans with the DBSA .

18.1 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2022	2021	2022	2021
	R	R	R	R
Amounts payable under finance leases:				
Within one year	4,298,865	3,483,791	4,029,967	2,891,596
In the second to fifth years, inclusive	210,217	3,463,220	210,217	3,463,220
	4,509,082	6,947,011	4,240,184	6,354,816
Present Value of Minimum Lease Obligations	4,509,082	6,947,011	4,240,184	6,354,816
Less: Amounts due for settlement within 12 months (Current Portion)			4,029,967	2,891,596
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			210,217	3,463,220
Minimum Lease Payments			4,509,082	6,947,011
Present Value of Minimum Lease			4,240,184	6,354,816
Future finance charges			268,898	592,195

The municipality has finance lease agreements for the following significant classes of assets:

- Software Licenses

Included in these classes are the following significant lease:

(i) Microsoft Licensing agreement

- Instalments are payable yearly in advance

- Average period outstanding

- Average effective interest rate

- Average yearly instalment

	18 months	30 months
	3.50%	3.50%
	2,325,306	2,325,306

19. EMPLOYEE BENEFIT LIABILITIES

Ex-Gratia Arrangements	546,000	379,000
Post-retirement Health Care Benefits Liability	251,584,000	231,780,000
Total Non-current Provisions	252,130,000	232,159,000

The movement in Employee Benefit Liabilities are reconciled as follows:

19.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	242,085,000	239,565,000
Contributions to Provision	(9,720,000)	(9,918,700)
Expenditure incurred	36,484,000	33,245,000
Actuarial loss/(gain)	(5,996,000)	(20,806,300)
Wholly unfunded balance at year end	262,853,000	242,085,000
Transfer to Current Provisions	(11,269,000)	(10,305,000)
Total Post-retirement Health Care Benefits Liability	251,584,000	231,780,000

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by J Van der Spuy, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

In-service (employee) members	1,176	1,214
In-service (employee) non-members	148	157
Continuation Members (retirees and widowers)	223	213
Total Members	1,547	1,584

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022
R

2021
R

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

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

In-service Members	156,613,000	144,377,000
In-service Non-members	4,890,000	4,342,000
Continuation Members	101,350,000	93,366,000
Total Liability	262,853,000	242,085,000

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

- Bonitas	- LA Health
- Hosmed	- Samwumed
- Key Health	

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

Discount Rate	11.98%	11.79%
Health Care Cost Inflation Rate	7.59%	8.85%
Net Effective Discount Rate	3.12%	2.70%
Expected Rate of Salary Increase (ERSI)	6.96%	4.94%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	242,085,000	239,565,000
Current service costs	7,659,000	8,658,000
Interest cost	28,825,000	24,587,000
Benefits paid	(9,720,000)	(9,918,700)
Actuarial loss/(gain)	(5,996,000)	(20,806,300)
Present Value of Fund Obligation at the end of the Year	262,853,000	242,085,000
Total Recognised Benefit Liability	262,853,000	242,085,000

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

Present value of fund obligations	262,853,000	242,085,000
Total Benefit Liability	262,853,000	242,085,000

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

Current service cost	7,659,000	8,658,000
Interest cost	28,825,000	24,587,000
Actuarial losses / (gains)	(5,996,000)	(20,806,300)
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	30,488,000	12,438,700

The history of experienced adjustments is as follows:

	2022	2021	2020	2019	2018
	R	R	R	R	R
Present Value of Defined Benefit Obligation	262,853,000	242,085,000	239,565,000	257,488,148	224,747,155
Deficit	262,853,000	242,085,000	239,565,000	257,488,148	224,747,155

2022
R

2021
R

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	41,942,000	30,729,000
Effect on the defined benefit obligation	278,981,000	257,661,000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	36,274,000	26,662,000
Effect on the defined benefit obligation	244,078,000	224,400,000

Refer to Note 49 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

Impact of COVID-19

It is difficult to estimate what the long term impact of the pandemic is likely to be on the Municipality's liability at this stage. There is much uncertainty as to how long the return to economic normality will be extended into the future. The impact on job losses, increase in inflation rate linked to the repo rate increases was seen in the short term but the impact on long term is unknown at this stage.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
19. EMPLOYEE BENEFIT LIABILITIES (Continued)		
19.2 Ex-Gratia Arrangements		
Balance at beginning of year	1,094,000	1,267,587
Interest cost	38,000	47,366
Expenditure incurred / Contribution	(252,435)	(285,000)
Actuarial Loss / (Gain)	<u>125,435</u>	<u>64,047</u>
	1,005,000	1,094,000
Transfer to current provisions	(459,000)	(715,000)
Balance at end of year	<u>546,000</u>	<u>379,000</u>

Ex-gratia pensions are pensions that are paid by the Municipality from its revenue i.e. they are not funded or paid from one of the Municipality's pension arrangements. Provision has therefore not been made in this valuation for the possibility that future employees might be entitled to these annuities.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by J van der Spuy, Fellow member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end there were 26 remaining employees eligible for Ex-gratia arrangement awards.

The interest costs for the year is estimated to be:

	38,000	47,366
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The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	6.84%	5.26%
Net Effective Discount Rate	-0.11%	0.30%
Expected Rate of Salary Increase	6.96%	4.94%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	1,094,000	1,267,587
Interest cost	38,000	47,366
Expenditure incurred / Contribution	(252,435)	(285,000)
Present Value of Fund Obligation at the end of the Year	<u>1,005,000</u>	<u>1,094,000</u>
Total Recognised Benefit Liability	<u>546,000</u>	<u>379,000</u>

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

Interest cost	38,000	47,366
Actuarial loss	125,435	64,047
Total Post-retirement Benefit included in Employee Related Costs	<u>163,435</u>	<u>111,413</u>

The history of experienced adjustments is as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Present Value of Defined Benefit Obligation	1,005,000	1,094,000	1,267,587	1,310,225	1,059,840
Deficit	<u>1,005,000</u>	<u>1,094,000</u>	<u>1,267,587</u>	<u>1,310,225</u>	<u>1,059,840</u>

	2022 R	2021 R
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The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the interest cost	54,000	38,000
Effect on the defined benefit obligation	1,013,000	1,106,000

Decrease:

Effect on the aggregate of the interest cost	53,000	37,000
Effect on the defined benefit obligation	999,000	1,082,000

Impact of COVID-19

It is difficult to estimate what the long term impact of the pandemic is likely to be on the Municipality's liability at this stage. There is much uncertainty as to how long the return to economic normality will be extended into the future. The impact on job losses, increase in inflation rate linked to the repo rate increases was seen in the short term but the impact on long term is unknown at this stage.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
20. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Land-fill Sites	1,927,681	1,569,223
Total Non-current Provisions	<u>1,927,681</u>	<u>1,569,223</u>

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

20.1 Rehabilitation of Land-fill Sites

Balance at beginning of year	1,569,223	1,410,157
Current service cost	-	-
Interest cost	-	-
Expenditure incurred / Contribution	<u>358,458</u>	<u>159,066</u>
Balance at end of year	<u>1,927,681</u>	<u>1,569,223</u>

In terms of the licensing of the landfill refuse sites, the municipality will incur the following licensing and rehabilitation costs to restore the site at the end of its useful life, estimated to be 88 years (provision has been made for the net present value of this cost, using the average cost of borrowing interest rate):

	1,927,681	1,569,223
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An independent valuer performed the valuation.

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

Inflation Rate	7.23%	6.30%
Size of landfill site in hectares	16	16
Annual airspace of waste deposited	70,969	70,575
Approximately 1ha per year of the landfill site is considered to be filled with no air space remaining and may be prepared for rehabilitation.		

21. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	62,705,000	29,680,784
Self-insurance Reserve	15,445,250	15,833,183
C.O.I.D. Reserve	11,976,657	11,690,533
Accumulated Surplus due to the results of Operations	<u>2,865,772,825</u>	<u>2,834,538,390</u>
Total Accumulated Surplus	<u>2,955,899,733</u>	<u>2,891,742,890</u>

The **Capital Replacement Reserve (CRR)** is a reserve to finance future capital expenditure and is fully cash backed.

The **Self-insurance Reserve** covers all internal and external insurance claims against Council. Council is externally insured for catastrophic events.

The Compensation Commissioner for Occupational Injuries and Diseases (**C.O.I.D.**) Reserve arises on the exemption from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act. A fixed deposit as determined by the Commissioner was made as a security to the Self-Insurance Workman Compensation Reserve.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

22. PROPERTY RATES	Property Valuations		2022	2021
	July 2021	July 2020	R	R
	R000's	R000's		
Residential	21,096,400	20,708,103	202,501,603	185,814,364
Business	7,026,620	6,421,584	226,735,340	188,991,402
Rural	2,329,555	2,277,736	4,327,082	3,933,656
Industrial	748,220	724,620	23,627,987	21,540,448
PSI	128,872	128,872	-	-
State	2,347,630	3,220,414	118,102,212	150,426,167
Mining Areas	102,992	108,474	24,603,616	20,369,318
Exempt	2,263,459	2,103,996	-	-
Total Assessment Rates	36,043,748	35,693,798	599,897,839	571,075,355

Valuations on land and buildings are performed every four years in terms of the Municipal property rates act (MPRA). The last general valuation came into effect on 1 July 2019. Supplementary valuations are processed when necessary to take into account changes in individual property values due to alterations, subdivisions, etc. Rates are levied on a monthly basis. Ratepayers can apply to pay rates yearly with the final date of payment being 30 September each year. Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. A rebate was allowed on residential properties for pensioners based on the annual income of the ratepayer's household.

23. INTEREST EARNED	2022	2021
	R	R
External Investments:		
Interest	3,123,724	2,834,761
Outstanding Debtors:		
Interest earned on statutory receivables	56,451,582	51,600,636
Interest earned on trade receivables	74,708,056	54,381,865
	131,159,638	105,982,501
Total Interest Earned	134,283,362	108,817,262
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Financial instruments at amortised cost	134,283,362	108,817,262

24. SERVICE CHARGES	2022	2021
	R	R
Sale of Electricity	727,302,012	657,796,359
Sale of Water	271,599,491	257,831,257
Refuse Removal	59,094,199	55,062,019
Sewerage and Sanitation Charges	81,934,500	76,966,613
Total Service Charges	1,139,930,202	1,047,656,248
Availability service charges non-exchange transactions	5,859,926	5,393,760
Total Service Charges	1,145,790,128	1,053,050,008

As per GRAP 9 and the accounting standards board frequently asked questions 6.1, the municipality have not recognised revenue foregone relating to free basic services and internal consumption as there is no intention to collect the revenue related to the free or subsidised goods and services.

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

25. RENTAL OF FACILITIES AND EQUIPMENT	2022	2021
	R	R
Rental Revenue from Facilities and Equipment	16,755,155	12,017,614
Total Rental of Facilities and Equipment	16,755,155	12,017,614
Rental revenue earned on Facilities and Equipment is in respect of residential and commercial buildings rented out.		

26. GOVERNMENT GRANTS AND SUBSIDIES	2022	2021
	R	R
Unconditional Grants		
National Equitable Share	212,327,611	234,641,691
Other Subsidies	9,315,000	7,800,000
Operational Grants	221,642,611	242,441,691
Conditional Grants	138,010,534	130,546,524
National: Financial Management Grant (FMG)	1,650,000	1,700,000
National: Municipal Infrastructure Grant (MIG)/Integrated Urban Development Grant(IUDG)	54,266,000	50,328,000
National: Grants	56,401,816	64,039,536
National: Expanded Public Works Programme (EPWP)	3,362,000	4,170,000
Provincial: Grants	261,188	407,393
Local Government: Local Municipalities Grant	7,669,529	7,045,595
Other Spheres of Government: Various Grants	14,400,001	2,856,000
Total Government Grants and Subsidies	359,653,145	372,988,215

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
26. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
Unconditional Grants:		
26.1 National Equitable Share:	212,327,611	234,641,691
Equitable Share	212,327,611	205,071,691
Equitable Share covid	-	29,570,000
This unconditional grant is partly used to subsidise the provision of basic services to registered and verified indigent community members.		
26.2 Provincial Health Subsidies:		
The Municipality renders health services on behalf of the Provincial Government but do not receive a grant for these services.		
26.3 Other Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts:	9,315,000	7,800,000
- Library	8,300,000	7,800,000
- Miscellaneous	1,015,000	-
Conditions met - transferred to Revenue	(9,315,000)	(7,800,000)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
The Municipality renders services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively to library expenditure (included in Appendix D). The conditions of the grant have been met.		
Conditional Grants:		
26.4 National: FMG		
Balance unspent at beginning of year	-	-
Current year receipts	1,650,000	1,700,000
Conditions met - transferred to Revenue: Operating Expenses	(1,650,000)	(1,700,000)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
The Financial Management Grant is paid by National Treasury to high capacity 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). The grant is spent in accordance with National Treasury guidelines (included in Appendix D).		
26.5 National: MIG/IUDG		
Balance unspent at beginning of year	-	-
Current year receipts	54,266,000	50,328,000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(54,266,000)	(50,328,000)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
This grant was used for various projects (included in Appendix D). No funds have been withheld.		
26.6 National: Grants		
Balance unspent at beginning of year	5,311,611	27,125,668
Current year receipts	52,731,801	42,225,479
Conditions met - transferred to Revenue: Operating Expenses	(4,900,738)	(4,661,366)
Conditions met - transferred to Revenue: Capital Expenses	(51,501,078)	(59,378,170)
Conditions still to be met - transferred to Liabilities (see Note 16)	1,641,596	5,311,611
This grant was used for various projects (included in Appendix D). No funds have been withheld.		
26.7 National - EPWP		
Balance unspent at beginning of year	-	-
Current year receipts	3,362,000	4,170,000
Conditions met - transferred to Revenue: Operating Expenses	(3,362,000)	(4,170,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
This grant was used for various projects (included in Appendix D). No funds have been withheld.		
26.8 Provincial: Grants		
Balance unspent at beginning of year	217,607	-
Current year receipts	127,500	625,000
Conditions met - transferred to Revenue: Operating Expenses	(261,188)	(407,393)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	83,919	217,607
The grant is spent in accordance with business plans approved by the Provincial Government (included in Appendix D).		

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
26. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
26.9 Local Government - Local Municipalities		
Balance unspent at beginning of year	-	-
Current year receipts	7,669,529	7,045,595
Conditions met - transferred to Revenue: Operating Expenses	(4,169,529)	(7,045,595)
Conditions met - transferred to Revenue: Capital Expenses	<u>(3,500,000)</u>	<u>-</u>
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>
The grant is spent in accordance with business plans approved by the FBD Municipality (included in Appendix D). No funds have been withheld.		
26.10 Other Grants		
Balance unspent at beginning of year	744,000	-
Current year receipts	14,400,000	3,600,000
Repaid to Grantor	(743,999)	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	<u>(14,400,001)</u>	<u>(2,856,000)</u>
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>744,000</u>
This European Union (EU/BEAR) grant was used for various projects (included in Appendix D).		
26.10 Changes in Levels of Government Grants		
Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2008), government grant funding is expected to increase over the forthcoming three financial years.		
27. PUBLIC CONTRIBUTIONS AND DONATIONS		
Donations Received	<u>76,850,394</u>	<u>-</u>
Total Public Contributions and Donations	<u>76,850,394</u>	<u>-</u>
Donations received comprise of various assets that was paid for by a third party.		
28. OTHER INCOME		
Premiums received and claims recovered	630,970	2,670,827
Admission, Academic and transaction fees	5,727,267	4,098,680
Burial fees	2,361,336	2,693,349
Building Plan Approvals	837,120	4,181,931
Market Fees	1,108,777	1,037,877
Unclaimed fines, deposits and stale cheques	1,501,242	982,281
Various (including camping fees, advertising, etc.)	<u>2,350,196</u>	<u>1,689,329</u>
Total Other Income	<u>14,516,909</u>	<u>17,354,274</u>
The amounts disclosed above for Other Income are in respect of services, other than described in Notes 22 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.		
29. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	426,137,120	405,125,876
Employee Related Costs - Contributions for UIF and Medical Aids	53,046,560	51,987,453
Employee Related Costs - Contributions for Pensions	61,829,196	61,820,217
Employee Related Costs - 13th Annual Cheque	28,946,227	28,488,602
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	96,226,472	108,977,744
Housing Benefits and Allowances	2,661,616	2,731,435
Overtime Payments	42,922,347	31,457,256
Long-service Awards	24,485,265	23,192,204
Defined Benefit Plan Expense:	30,651,435	12,550,113
Current Service Cost	7,659,000	8,658,000
Interest Cost	28,863,000	24,634,366
Net Actuarial loss/(gain) recognised	<u>(5,870,565)</u>	<u>(20,742,253)</u>
Total Employee Related Costs	<u>766,906,239</u>	<u>726,330,899</u>
Remuneration of the Municipal Manager		
Annual Remuneration	1,544,528	2,400,125
Car Allowance	107,589	157,500
Company Contributions to UIF, Medical and Pension Funds	24,546	35,413
Total	<u>1,676,663</u>	<u>2,593,038</u>
Remuneration of the Director: Finance		
Annual Remuneration	1,409,314	1,614,117
Car Allowance	415,773	509,159
Company Contributions to UIF, Medical and Pension Funds	253,497	252,988
Total	<u>2,078,584</u>	<u>2,376,263</u>
Remuneration of the Director: Corporate Services		
Annual Remuneration	1,332,630	1,339,614
Car Allowance	398,348	386,058
Company Contributions to UIF, Medical and Pension Funds	259,948	250,417
Total	<u>1,990,927</u>	<u>1,976,089</u>

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
29. EMPLOYEE RELATED COSTS (Continued)		
Remuneration of the Director: Strategy, Economic Development and Planning		
Annual Remuneration	1,398,672	1,362,447
Car Allowance	310,717	337,651
Company Contributions to UIF, Medical and Pension Funds	283,228	275,509
Total	1,992,617	1,975,607
Remuneration of the Director: Community Services		
Annual Remuneration	1,433,608	1,409,936
Car Allowance	255,426	253,517
Company Contributions to UIF, Medical and Pension Funds	322,598	320,408
Total	2,011,633	1,983,861
Remuneration of the Director: Technical Services		
Annual Remuneration	1,146,623	1,308,170
Car Allowance	360,730	398,555
Company Contributions to UIF, Medical and Pension Funds	413,490	339,557
Total	1,920,843	2,046,281
The post was vacant for a part of the year. The above amounts includes acting employees. The following compensation was payable to key management personnel in terms of GRAP as at 30 June:		
Staff Leave Benefits:-		
Municipal Manager	-	468,712
Chief Financial Officer	253,874	253,874
Director Community	139,528	68,540
Director Corporate	255,720	181,510
Director SED	114,858	99,077
Director Technical	141,816	141,816
Total	905,795	1,213,530
30. REMUNERATION OF COUNCILLORS		
Executive Mayor	1,077,149	1,091,397
Speaker	882,491	881,997
Councillors	23,222,048	19,899,439
Contributions to UIF, Medical and Pension Funds and other allowances	5,555,288	8,387,151
Total Councillors' Remuneration	30,736,976	30,259,984
In-kind Benefits		
The Councillors occupying the positions of Executive Mayor, Speaker and the Mayoral Committee serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties. Council owned vehicles are made available for official duties.		
31. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	66,081,235	53,685,572
Amortisation: Intangible Assets	3,772,689	4,241,454
Depreciation: Investment Property	206,155	201,832
Total Depreciation and Amortisation	70,060,080	58,128,858
32. IMPAIRMENT LOSS		
32.1 Impairment Loss on Financial Assets		
Impairment Losses Recognised:	267,518,489	344,345,537
Trade Receivables from exchange transactions	197,776,067	369,187,738
Trade Receivables from non-exchange transactions	69,742,422	(24,842,201)
Total Impairment Loss	267,518,489	344,345,537
33. FINANCE COSTS		
Loans and Payables at amortised cost	22,325,916	23,527,986
Interest on overdue accounts	50,317,899	12,604,385
Finance Leases	265,418	334,907
Total Interest Expense	72,909,233	36,467,278
34. BULK PURCHASES		
Electricity	639,688,887	540,953,415
Total Bulk Purchases	639,688,887	540,953,415
Bulk Water moved to general expenditure and losses on inventory	116,613,293	113,919,940

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the Department Water Affairs and Forestry.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
35. CONTRACTED SERVICES		
Audit committee	856,686	728,074
Legal and collection cost	3,160,680	4,488,005
Maintenance of Equipment and Security	-	3,795,823
Project Management	5,796,097	3,575,281
Prepaid Vendor	27,007,685	24,568,026
Other Contracted Services	1,341,765	3,495,596
Total Grants and Subsidies	38,162,914	40,650,803
36. GRANTS AND SUBSIDIES PAID		
Other Grants	345,986	528,398
Subsidy paid to Society for Prevention of Cruelty against Animals (SPCA)	2,200,000	2,000,000
Total Grants and Subsidies	2,545,986	2,528,398
The subsidy to the SPCA is to assist the municipality to care for stray animals and other related tasks. The subsidy is paid on an annual basis.		
37. GENERAL EXPENSES		
Repairs and Maintenance		
Hardware in Store	10,471,512	8,417,636
Stores Workshop	983,095	1,077,503
Building Maintenance	8,014,904	6,547,863
Electricity Maintenance	18,561,835	17,511,150
Fleet Maintenance	7,390,305	7,102,004
General Maintenance	13,042,957	14,698,384
Other Materials - Clarification/Purification Chemicals	12,368,890	8,964,739
Other Materials -Cleaning material	1,699,155	2,373,078
Other Materials - Fuel	14,563,912	10,612,275
Other Materials - Stationery	3,857,185	1,979,473
Other Materials	50,567	35,979
Refuse Maintenance	23,914,672	20,034,807
Roads	25,545,938	26,282,546
Safety	-	47,040
Sewer	13,648,108	9,014,568
Streetlights	9,425,531	9,841,077
Water	28,599,143	21,075,546
Sub Total Repairs and Maintenance	192,137,709	165,615,668
Other Expenses		
Audit fees	5,688,663	4,983,566
Bank charges	4,932,532	2,318,631
Catering municipal activities	58,293	25,078
Conferences and seminars	2,125,632	1,867,162
Course fees/Skills development levy	6,802,227	5,422,649
Electricity	39,788,106	36,851,665
Indigent relief	6,134,215	370,810
Interns and learner ships	1,277,585	1,122,348
Insurance and claims	4,350,247	4,039,695
Membership fees	8,381,154	2,868,007
Postage	4,270,401	3,972,692
Printing and stationary	1,009,405	2,416,062
Software licences and Computer services	3,344,536	9,350,163
Telephone expenditure	3,449,364	4,232,321
Uniforms and Protective clothing	6,976,998	5,739,313
Vehicle licences	1,484,964	1,279,200
Vehicle tracking	1,224,220	598,770
Water	8,613	26,575
Water inventory consumed	41,137,032	44,343,738
Water resource management fee	2,765,677	2,552,403
Ward committee activities	1,350,190	3,604,000
Other General Expenses	4,879,347	8,545,554
Sub Total Other Expenses	151,439,400	146,530,402
Total General Expenses	343,577,109	312,146,069

The comparative figures for General Expenses have been restated to correct errors contained in the prior year Financial Statements. Refer to note 39 on Correction of Errors for details of the restatement. The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022 2021
R R

38. CHANGE IN ACCOUNTING POLICY

There were no changes in accounting policy during the current financial year under review.

39. CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended before 30 June 2020.

Details of the appropriations are as follows:

Unappropriated Surplus Account:

Corrections to Receivables from non exchange transactions	(96,068)
Corrections to Payables from exchange transactions	402,612
Corrections to Expenditure	(224,006)
Corrections to Inventory	(1,431,310)
Corrections to Depreciation on Property, Plant and Equipment	8,448,554
Corrections to Investment Property	<u>(3,962,485)</u>
Increase / (Decrease) in Unappropriated Surplus Account	<u>3,137,297</u>
Increase / (Decrease) in Accumulated Surplus Account	<u>3,137,297</u>

39.1 Restatement of Revenue:

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality. Refer to note 39.8 for further details regarding the nature of these errors and how it was rectified.

The effect of the Correction of Error is as follows:

	2021 Revenue	2021 Correction	Restated Amount
Service Charges	1,053,050,008	(5,393,760)	1,047,656,248
Gains on Inventory	-	7	7
Gains on Disposal of Property, Plant and Equipment	5,726,971	2,166,004	7,892,975

39.2 Restatement of Expenditure:

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality. Refer to note 39.9 for further details regarding the nature of these errors and how it was rectified.

The effect of the Correction of Error is as follows:

	2021 Expenditure	2021 Correction	Restated Amount
Employee Related Costs	726,218,896	112,003	726,330,899
Depreciation and Amortisation	63,880,852	(5,751,994)	58,128,858
General Expenses	267,802,331	44,343,738	312,146,069
Bulk Purchases	<u>653,737,734</u>	<u>(112,784,319)</u>	<u>540,953,415</u>
	<u>2,096,636,153</u>	<u>(74,080,572)</u>	<u>2,022,555,582</u>

39.3 Restatement of Statement of Financial Position:

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:

	2021 Fin Position	2021 Correction	Restated Amount
Accumulated Surplus	2,881,935,213	9,807,677	2,891,742,890
Payables from Exchange Transactions	458,076,837	2,018,689	460,095,526
Vat Payable from Exchange Transactions	94,668,997	(61,761,743)	32,907,254
Property, Plant and Equipment	1,865,760,538	14,569,837	1,880,330,375
Intangible Assets	10,339,427	(203,756)	10,135,671
Investment Property	209,056,954	(1,962,008)	207,094,945
Inventory	39,322,785	(1,431,309)	37,891,477
Trade Receivables from Exchange Transactions	1,248,778,880	853,603	1,249,632,482
Statutory Receivable from Exchange Transactions	<u>61,761,743</u>	<u>(61,761,743)</u>	-
	<u>2,054,908,190</u>	<u>(99,870,752)</u>	<u>1,990,402,977</u>

39.4 Restatement of Non-current Liabilities:

No restatements for the financial year.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

39. CORRECTION OF ERROR (Continued)

39.5 Restatement of Current Liabilities:

Included in the prior year's restated amounts are corrections in respect payables on exchange transactions as a result of back pay to employees and corrections to creditors.

The effect of the Correction of Error is as follows:

	Payables from Exchange Transactions
Balances as per AFS previously published for 20/21	458,076,837
Restatement of Current Liabilities	<u>2,018,689</u>
Balances as per current AFS published for 20/21	<u>460,095,526</u>

39.6 Restatement of Non-Current Assets

The prior year figures for Property, Plant and Equipment(PPE) and Investment properties had to be corrected as a result of a changes in the asset register due to the previous year's audit. This correction was done retrospectively and impacted on PPE and the Surplus Account. This oversight has been rectified and the restated figure is reflected below.

The effect of the Correction of Error is as follows:

	Intangible Assets	Property, Plant and Equipment	Investment Property
Balances as per AFS previously published for 20/21	10,339,427	1,865,760,538	209,056,954
Restatement of non-current assets	<u>(203,756)</u>	<u>14,569,837</u>	<u>(1,962,008)</u>
Balances as per current AFS published for 20/21	<u>10,135,671</u>	<u>1,880,330,375</u>	<u>207,094,945</u>

39.7 Restatement of Accumulated Depreciation:

The prior year figure for Depreciation had to be corrected see note 39.6.

The effect of the Correction of Error is as follows:

	Accumulated Depreciation on PPE
Balances as per AFS previously published for 20/21	845,914,971
Restatement of Depreciation	<u>(18,523,946)</u>
Balances as per current AFS published for 20/21	<u>827,391,025</u>

39.8 Adjustment of Revenue:

The prior year figure for Gains had to be corrected see note 39.1.

The effect of the Correction of Error is as follows:

	Gains on Inventory	Gains on Disposal of Property, Plant and Equipment
Balances as per AFS previously published for 20/21	-	5,726,971
Adjustment of prior period revenue	<u>7</u>	<u>2,166,004</u>
Balances as per current AFS published for 20/21	<u>7</u>	<u>7,892,975</u>

39.9 Adjustment of Expenses:

The prior year figure for Employee related cost and Depreciation were adjusted after corrections were identified. The relevant expenditure categorie and the Surplus Account were corrected. The restated figure is reflected below.

The effect of the Correction of Error is as follows:

	Bulk Purchases	Employee related cost	Depreciation and Amortisation
Balances as per AFS previously published for 20/21	653,737,734	726,218,896	63,880,852
Adjustment of prior period expenses	<u>(112,784,319)</u>	<u>112,003</u>	<u>(5,751,994)</u>
Balances as per current AFS published for 20/21	<u>540,953,415</u>	<u>726,330,899</u>	<u>58,128,858</u>

39.10 Restatement of Current Assets

Included in the prior year's restated balance for Current Assets is a restated balance for Inventory as a result of a correction in Low cost housing and trade receivables. The effect on Accumulated Surplus and on Current Assets is reflected below.

The effect of the Correction of Error is as follows:

	Current Assets
Balances as per AFS previously published for 20/21	1,859,331,524
Adjustment for prior period error	<u>(62,339,449)</u>
Balances as per current AFS published for 20/21	<u>1,796,992,075</u>

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
40. CHANGE IN ACCOUNTING ESTIMATES		
No changes were made to existing accounting estimates during the current financial year that could potentially have a material impact on the Annual Financial Statements.		
41. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	64,156,842	17,209,511
Adjustment for:		
Adjusting non cash flow items prior errors	-	(1,348,772)
Adjusting non cash flow items	(76,850,394)	39,722,733
Depreciation and Amortisation	70,060,080	58,128,858
Contribution to Impairment Provision	274,504,074	308,219,763
Bad Debts Written-off	(35,269,966)	(330,208,614)
Interest earned	(134,283,362)	(108,817,262)
Finance Costs	72,909,233	36,467,278
Operating surplus before working capital changes	235,226,507	19,373,494
(Increase)/Decrease in Inventories	(11,562,071)	(2,290,310)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(367,111,666)	(160,804,427)
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(147,576,971)	88,960,314
Increase/(Decrease) in Interest Receivables	104,158,002	(7,491,788)
(Increase)/Decrease in VAT Receivable	(13,942,586)	38,580,922
Increase/(Decrease) in Consumer Deposits	3,327,639	2,939,478
Increase/(Decrease) in Creditors (Capital creditors excluded)	513,122,589	134,585,311
Increase/(Decrease) in Conditional Grants and Receipts	(4,547,703)	(48,025,070)
(increase)/Decrease in Provisions and Employee Benefits	19,036,774	13,593,186
Increase/(Decrease) in VAT Payable	(32,907,254)	(45,594,659)
Cash generated by / (utilised in) Operations	297,223,261	33,826,452
Income for the year	2,372,818,532	2,179,055,388
Adjustment for:-		
Investment income	(134,283,362)	(108,817,262)
Adjusting non cash flow items	(76,850,394)	
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(367,111,666)	(160,804,427)
Bad Debts Written-off	(35,269,966)	(330,208,614)
Increase/(Decrease) in Consumer Deposits	3,327,639	2,939,478
Increase/(Decrease) in Interest Receivables	104,158,002	(7,491,788)
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(147,576,971)	88,960,314
(Decrease)/increase in conditional grants and receipts	(4,547,703)	(48,025,070)
Cash receipts from ratepayers, government and other	1,714,664,112	1,615,608,019
Grants received	(359,653,145)	(345,815,595)
Sale of goods and services	1,355,010,967	1,269,792,424
Expenditure for the year	2,308,661,689	2,161,845,877
Adjustment for:-		
Depreciation	70,060,080	58,128,858
Contribution to bad debt provision	274,504,074	308,219,763
Adjusting non cash flow items prior errors	-	(1,348,772)
Adjusting non cash flow items		39,722,733
Interest paid	72,909,233	36,467,278
Operating expenditure before working capital changes:	1,891,188,303	1,720,656,018
(Increase)/Decrease in inventories	(11,562,071)	(2,290,310)
Increase/(Decrease) in Creditors	513,122,589	134,585,311
(Increase)/Decrease in Provisions and Employee Benefits	19,036,774	13,593,186
(Decrease)/Increase in VAT	(46,849,840)	(7,013,737)
Cash paid to suppliers and employees	1,417,440,851	1,581,781,568
Employee Costs	736,254,804	713,780,786
Supplier and other payments	681,186,047	868,000,782
Cash generated by/(utilized in) operations	297,223,261	33,826,452
42. NON-CASH INVESTING AND FINANCING TRANSACTIONS		
The municipality did not enter into any Non-cash Investing and Financing Transactions during the financial year under review.		
43. FINANCING FACILITIES		
Unsecured Bank Overdraft Facility payable at call:		
- Amount used	-	-
- Amount unused	-	-

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022
R

2021
R

44. LONG-TERM LIABILITIES

Long-term Liabilities (See Note 18)	175,550,311	188,623,708
Long-term Liabilities have been utilised in accordance with section 46 of the Municipal Finance Management Act. See detail information in Appendix A.		

45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

45.1 Unauthorised Expenditure

To management's best of knowledge the following Unauthorised Expenditure was incurred during the year under review.

	2022 R	2021 R	2020 R
Reconciliation of Unauthorised Expenditure:			
Opening balance	-	-	-
Unauthorised Expenditure current year	-	-	-
Approved by Council	-	-	-
Unauthorised Expenditure awaiting authorisation	-	-	-
	-	-	-

45.2 Fruitless and Wasteful Expenditure

	2022 R	2021 R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	14,214,685	14,454,714
Fruitless and Wasteful Expenditure current year	50,432,943	13,693,326
Fruitless and Wasteful Expenditure incurred in the prior year identified in the current year	-	-
Fruitless and Wasteful Expenditure reversed (prior year audit correction)	-	(13,933,355)
Written off by Council	-	-
Fruitless and Wasteful Expenditure awaiting condonement	64,647,628	14,214,685

The incidents identified relating to the current or prior years has been reported to MPAC for investigation.

Incident	Amount	Causes
Interest on late payments.	57,494,742	Interest and penalties paid to ESKOM, DWS and ORANJE RIET WATER.
Settlement agreements.	4,452,438	Settlements paid to suppliers due to disputes.
Various incidents.	2,700,448	Legal claim against the municipality paid.

The Fruitless and Wasteful Expenditure incurred by the municipality in it's nature is zero – rated VAT and therefore the amounts disclosed above do not include VAT. The prior year audit correction was as a result of the exemption of circular 99.

45.3 Irregular Expenditure

	2022 R	2021 R	2020 R
Reconciliation of Irregular Expenditure:			
Opening balance	471,054,998	339,860,793	57,757,937
Correction prior period error	-	-	-
Irregular Expenditure current year	121,591,091	131,194,205	100,937,482
Irregular Expenditure incurred in the prior year identified in the current year	32,983,694	-	181,165,374
Amount recoverable	-	-	-
Written off by Council or ratified by Accounting Officer	-348,756,914	-	-
Irregular Expenditure awaiting condonement	276,872,869	471,054,998	339,860,793

The incidents identified relating to the current or prior years has been reported to MPAC for investigation.

Incident	Amount	Causes
Non compliance with SCM regulations	26,846,915	Non-compliance: Contract expired
Non compliance with SCM regulations	58,908,282	Non-compliance: Deviation invalid (emergency/exceptional case)
Non compliance with SCM regulations	12,474,713	Non-compliance: Less than 3 quotes
Non compliance with SCM regulations	-	Non-compliance: Legal services - no valid contract
Non compliance with SCM regulations	178,642,958	Non-compliance with SCM regulations - Various Contraventions with the SCM regulations

The nature of the above irregular expenditure have been disclosed, the extent is still under investigation. The amounts disclosed above is inclusive of VAT.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022 **2021**
R **R**

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

46.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	8,283,390	2,868,007
Amount Paid - current year	<u>(8,283,390)</u>	<u>(2,868,007)</u>
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

46.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	5,688,663	4,983,566
Amount Paid - current year	<u>(5,603,651)</u>	<u>(4,983,566)</u>
Balance Unpaid (included in Creditors)	<u>85,011</u>	<u>-</u>

46.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 8 and 17. All VAT returns have been submitted by the due date throughout the year.

46.4 PAYE and UIF

Opening Balance	9,367,373	8,885,584
Current year Payroll Deductions	122,869,661	114,850,789
Amount Paid - current year	<u>(113,230,368)</u>	<u>(105,483,417)</u>
Amount Paid - previous years	<u>(9,367,373)</u>	<u>(8,885,584)</u>
Balance Unpaid (included in Creditors)	<u>9,639,293</u>	<u>9,367,373</u>

46.5 Pension and Medical Aid Deductions

Opening Balance	14,243,774	13,952,613
Current year Payroll Deductions and Council Contributions	144,592,263	171,779,596
Amount Paid - current year	<u>(130,277,098)</u>	<u>(157,535,822)</u>
Amount Paid - previous years	<u>(14,243,774)</u>	<u>(13,952,613)</u>
Balance Unpaid (included in Creditors)	<u>14,315,165</u>	<u>14,243,774</u>

46.6 Councillors arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2022	Total	Outstanding more than 90 days
MF WHITE	3,243	3,243
G GALLANT	142,698	142,698
E JOHNSON	4,885	4,885
IM MOSES	4,404	4,404
J PIETERSEN	5,744	5,744
PE BOPAPE	3,343	3,343
SE MOLALE	4,635	4,635
MR NOLITYE	32,681	32,681
R R LOFF	49	49
LJ KOOS	31,526	31,526
KC PHIRI	2,238	2,238
PM DIPHAHE	145,710	145,710
MJ MOCWANA	35,158	35,158
KV KGADIETE	383	383
JA MESHA	99,145	99,145
KJB SONYONI	1,294	1,294
NN MAPUTLE	1,746	1,746
E LEPHOI	84,073	84,073
F BANDA	10,639	10,639
PM MOUERS	433	433
KA MOLATUDI	64,025	64,025
KL METSIMETSI	120,570	120,570
KJ RIET	19,475	19,475
E NKUKANE	12,668	12,668
IB WAGTER	13,785	13,785
CB RAMMUTLE	39,708	39,708
TS ENGELBRECHT	4,633	4,633
MC AARON	5,117	5,117
JE BROWN	387	387
KC KOCK	112	112
DD KORKIE	579	579
IA LEKOMA	58,681	58,681
Total Councillor Arrear Consumer Accounts	<u>953,766</u>	<u>953,766</u>

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

30 June 2021	Total	Outstanding more than 90 days
PHILLIPUS J	700	700
KOOPMAN S	784	784
MOKGOLA	889	889
BRITZ MM	188	188
PLAATJIE OB	388	388
STEYN SM	119	119
PIETERSE VGS	10,447	10,447
MIDDLEWAY C	16,487	16,487
LUTHI MA	21,861	21,861
MOCWAGOLE MS	8,758	8,758
KRUGER G	3,666	3,666
VISAGIE A	4,040	4,040
MORWE RT	57,079	57,079
MPANZA TE	11,463	11,463
MOLATUDI KA	46,316	46,316
MADITSE ND	10,620	10,620
KIKA SN	146,092	146,092
BADENHORST J & EL	65,599	65,599
Total Councillor Arrear Consumer Accounts	<u>405,495</u>	<u>405,495</u>

46.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at the reporting date.

46.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council. The Municipality has deviated from the procurement policy, the details of which were reported to council (refer to note 62).

46.9 Material losses

In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding water losses as a result of various factors for example burst pipes and stand pipes not metered is 64,63%, 22 763 559kl (2021: 61,69%, 22 777 978kl) is disclosed to the amount of:

In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding electricity losses as a result of various factors are 29.69%, 143 330 222 kWh (2021: 26.42%, 127 533 451 kWh) is disclosed to the amount of:

2022 R	2021 R
75,476,261	69,576,202
189,936,321	142,893,865

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE
MANAGEMENT ACT (Continued)

46.10 Suppliers in service of the State

The municipality bought goods from the following companies, which are considered to be in service of the State.

Name Supplier	Related Person	Municipal Capacity	Purchases for the year	Purchases for the year
KALAFO TRADING	M NDZWILI	DEPARTMENT OF ENVIRONMENT	-	3,213
ASB AIRCONS AND TRADING	J Bezuidenhout	General Assistant	144,260	226,649
H AND R TECHNOLOGIES PTY LTD	H Pieters	Library Assistant	-	60,045
GAP ELECTRICAL	J Joseph / D Lehane	SAPS	-	-
	D Joseph/ K Christian /PT Christians	NC JUSTICE	-	-
	D Christians /S Wookey/F Kimmie	ESKOM	-	-
		NC DEPT ECONOMIC	-	-
		NC DEPT SPORTS ARTS,	-	-
		LENMED HOSPITAL	-	-
		NC DEPT EDUCATION	455,383	758,305
QONGO TG TRADING	Mother	Nursing Sister	1,667,570	1,128,560
NAEDI CHEMICALS	D De Haast	Department of Education	185,163	329,898
ASAP 1179 TRD AS MEAGO SERVICES	S Paulse	Librarian	-	85,882
MOEDI CONSULTING ENGINEERS	C Abrams	Dr Kenneth Kaunda D Municipality	-	206,070
J&B COMMUNICATION	A Abbott	Working at IT	197,664	360,279
SENZONHLE TRADING CC	JL Malaza	COGHSTA	-	23,046
NB MECHANICALS	N Barnes	Department of Sports and Arts Culture	25,030,428	18,714,600
S & R ENTERPRISES	N Barnes	Department of Sports and Arts Culture	23,000,395	18,112,808
TOWEL AND GROENEWALDT	L Groenewaldt	NC Public Works - Senior Administrator	-	-
	O Groenewaldt	Electrical Engineer	1,498,890	2,799,840
MADREESE TRADING	R Brooker	Sol Plaatje Municipality	-	140,669
CONLOG (PTY) LTD	N MOODLY	Department of Health	1,412,349	1,999,500
BOINKO TRADING AND	D NKOMO	Department of Health	-	89,220
CAMINANDO HOLDINGS	OK MOJAWALA	Sol Plaatje Municipality	-	42,428
SONSKYN TUIN	NICOLA DAMON	TRANSNET HR	87,234	78,807
WORKRITE INDUSTRIES	F DOOLING	DEPARTMENT PUBLIC WORKS	262,941	417,796
PHIBELO ENTERPRISE	M DUTOIT	DEPARTMENT OF HEALTH	-	35,770
HOUDINI LOCKSMITH	A ESSOP	DEPARTMENT OF EDUCATION	-	978
PANPROP CC T/A VALUDATA	AJ DE KLERK	SOL PLAATJE MUNICIPALITY	97,400	-
KEYSPIRIT	B PHALA	CIDB	-	375,050
ASHDASH CONSTRUCTION	M ARTHUR / S ARTHUR	SOL PLAATJE MUNICIPALITY	356,613	79,672
GERALDS AUTO GLASS	DAUGHTER	WORKS AT SOCIAL DEVELOPMENT	5,520	5,963
MEMOTE SUPPLIERS	AS MAHCAMGY	SOL PLAATJE MUNICIPALITY	-	77,545
MOTHEO CONSTRUCTION GROUP (PTY) LTD	LT Mashau, SJ Manthase, U Langa, RC Diphoko, R Madi, V Singh	Dept of Statiscis, NW Human Settlement, Dept of Education, SANDF, Tholomela Municipality, Dept of Education	2,772,104	12,195,009
LESAE TRADING CC	SPOUSE	NC PROVINCIAL LEGISLATURE	-	1,475,355
FIRE FIGHTING LOGISTICS	HUSBAND	VUFISA GROUP	172,214	34,195
VAN DE WALL INCORPORATED	OB Cronje	Independent member of frances Baard	-	-
	JM Cronje	Planning Tribunal	1,932,146	3,727,547
QUALITY RUBBER STAMPS	P MODISANE	SAPS	12,700	3,270
SKJ ENTERPRISES	C JACOBS	SOL PLAATJE MUNICIPALY	12,500	28,820
AGRI AUTOMATE	WIFE	RMSH HOSPITAL	-	-
	FATHER	MEMBER OF PARLIAMENT FOR DA	18,199	16,060
R.SQUARED GENERAL TRADING	J MOHAMED	AGRICULTURE DEPARTMENT	-	14,950
GIBB (PTY) LTD	D MOFFETT, N MANDLA, C HERING, D DAVIDS, H DAVIDS, C CLARK, A PETERSON	DEPARTMENT RURAL DEVELOPMENT, EC HUMAN SETTLEMENT, DEPARTMENT OF TRANSPORT, CITY OF CAPE TOWN, ESKOM, DEPARTMENT OF EDUCATION	522,505	-
AURECON	HC AHLSCHLAGEN	SIU	-	-
	S SEEGER	CITY OF CAPE TOWN	-	-
	K NADASEN	NDPW	-	-
	T MNCUBE	ACSA	-	750,000
SILVER STREAM INDUSTRIES	N DAMON	TRANSNET CHIEF OF ADMIN	12,764	-
BB SERVICE AND SAFES	C MBOSA	DEPARTMENT OF HEALTH	44,189	-
TENNESSE GENERAL TRADING	B WILLIAMS	TRANSNET FREIGHT RAIL	451,586	-
JAM INDUSTRIES	S NEWMAN	TRANSNET YARD OFFICIAL	25,100	-
AA DU PLESSIS BUILDERS	C DU PLESSIS	DEPARTMENT OF TOURISM	20,999	-
GRIMALDI SERVICES	K McDONALD	SOL PLAATJE MUNICIPALITY -	27,440	-
RDT GENERALTRADING	K MOHIBIDU	DEPARTMENT OF AGRICULTURE	61,642	-
KETANE YA TIRO	M MEAS	DEPARTMENT OF EDUCATION	27,640	-
TRIPPLE SMOOTH TRADING	S Hoogstander	SOL PLAATJE MESSENGER	260	-
THE PRINT ZONE HOLDINGS	TC MOTALUNG	DEPARTMENT OF HEALTH	337,178	-
TOLLERANZA E PIETA	M MASIGO	SOL PLAATJE WATER WASTE	151,918	-
TMAB ENTERPRISE	K MARUMO	Provincial Treasury	630,000	-
Inyameko Trading 950 CC	K MARUMO	Provincial Treasury	902,750	-
Wydex Events ALFMS Events	F PHATEDI	SOL PLAATJE MUNICIPALITY	228,850	-
PIET MULLER PHARMACY	Y VAN DYK	Department of Social development	-	377
Total Purchases			9,174,391	19,317,165

47. COMMITMENTS FOR EXPENDITURE

47.1 Capital Commitments

Commitments in respect of Capital Expenditure inclusive of VAT:

- **Approved and Contracted for:-**
Infrastructure

98,691,407	83,582,871
98,691,407	83,582,871

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48. FINANCIAL INSTRUMENTS		2022 R	2021 R
48.1 Classification			
FINANCIAL ASSETS:			
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:			
	<u>Financial Assets</u>	<u>Classification</u>	
Trade receivables from exchange transactions			
Electricity	Amortised cost	231,924,215	189,152,954
Refuse	Amortised cost	109,088,244	92,339,982
Sewerage	Amortised cost	140,862,257	118,078,432
Water	Amortised cost	466,493,193	401,019,230
Miscellaneous	Amortised cost	490,096,185	445,086,706
Market	Amortised cost	633,434	650,277
Housing Debtors	Amortised cost	33,359,365	28,509,334
Trade receivables from non exchange transactions			
Assessment Rates	Amortised cost	549,978,121	469,233,772
Government Subsidy Claims	Amortised cost	1,363,582	6,320,170
Miscellaneous debtors	Amortised cost	5,100,604	3,067,027
Traffic Fines	Amortised cost	665,686	652,475
Bank, Cash and Cash Equivalents			
Bank	Amortised cost	140,795,775	
Call Deposits	Amortised cost	21,601,106	11,750,000
Notice Deposits	Amortised cost	28,374,365	28,349,136
Cash Floats and Advances	Amortised cost	11,560	11,660
		<u>2,220,347,692</u>	<u>1,794,221,154</u>
SUMMARY OF FINANCIAL ASSETS			
Amortised cost			
Short-term Investment Deposits	Notice Deposits	28,374,365	28,349,136
Trade receivables from non-exchange transactions	Assessment Rates	549,978,121	469,233,772
Trade receivables from exchange transactions	Electricity	231,924,215	189,152,954
Trade receivables from exchange transactions	Refuse	109,088,244	92,339,982
Trade receivables from exchange transactions	Sewerage	140,862,257	118,078,432
Trade receivables from exchange transactions	Water	466,493,193	401,019,230
Trade receivables from exchange transactions	Miscellaneous	490,096,185	445,086,706
Trade receivables from exchange transactions	Market	633,434	650,277
Trade receivables from exchange transactions	Housing Debtors	33,359,365	28,509,334
Trade receivables from non-exchange transactions	Government Subsidy Claims	1,363,582	6,320,170
Trade receivables from non-exchange transactions	Miscellaneous debtors	5,100,604	3,067,027
Trade receivables from non-exchange transactions	Traffic Fines	665,686	652,475
		<u>2,029,564,886</u>	<u>1,754,110,358</u>
Bank Balances and Cash	Cash Floats and Advances	11,560	11,660
Short-term Investment Deposits	Call Deposits	21,601,106	11,750,000
Total Financial Assets		<u>2,079,551,917</u>	<u>1,794,221,154</u>
FINANCIAL LIABILITIES:			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
	<u>Financial Liabilities</u>	<u>Classification</u>	
Long-term Liabilities			
Annuity Loans	Amortised cost	159,433,365	171,537,868
Finance Lease Liabilities	Amortised cost	3,041	3,465,143
Consumer Deposits			
Electricity and Water	Amortised cost	42,977,290	39,649,651
Creditors			
Trade Creditors	Amortised cost	972,148,149	416,520,642
Other Creditors	Amortised cost	725,096	725,096
Payments received in Advance	Amortised cost	40,187,089	42,849,789
Staff Bonuses	Amortised cost	12,780,164	12,721,501
Accrued leave	Amortised cost	61,822,025	63,881,371
Unspent Conditional Grants and Receipts			
Conditional Grants from Government	Amortised cost	1,725,515	6,273,218
Bank Overdraft			
Bank Balance	Amortised cost		1,101,162
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	12,083,938	10,729,101
Finance Lease Liabilities	Amortised cost	4,029,967	2,891,596
		<u>1,307,915,638</u>	<u>772,346,138</u>
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	159,433,365	171,537,868
Long-term Liabilities	Finance Leases	3,041	3,465,143
Consumer Deposits	Electricity and Water	42,977,290	39,649,651
Payables from exchange transactions	Trade Creditors	972,148,149	416,520,642
Payables from exchange transactions	Other Creditors	725,096	725,096
Unspent Conditional Grants and Receipts	Conditional Grants from Government	1,725,515	6,273,218
Bank Overdraft	Bank Overdraft	-	1,101,162
Current Portion of Long-term Liabilities	Annuity Loans	12,083,938	10,729,101
Current Portion of Long-term Liabilities	Finance Leases	4,029,967	2,891,596
Payables from exchange transactions	Payments received in Advance	40,187,089	42,849,789
Payables from exchange transactions	Staff Bonuses	12,780,164	12,721,501
Payables from exchange transactions	Accrued leave	61,822,025	63,881,371
Total Financial Liabilities		<u>1,307,915,638</u>	<u>772,346,138</u>

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48. FINANCIAL INSTRUMENTS (Continued)

48.2 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 18, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 6 and the Statement of Changes in Net Assets.

Gearing Ratio

The gearing ratio at the year-end was as follows:

	2022 R	2021 R
Net Debt	1,307,915,638	772,346,138
Equity	2,955,899,733	2,891,742,890
Net debt to equity ratio	44.25%	26.71%

Debt is defined as Long term Liabilities, as detailed in the notes.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

48.3 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes. Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function. Further quantitative disclosures are included throughout these financial statements.

48.4 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

48.5 Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

48.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.6.1 - 2 below). No formal policy exists to hedge volatilities in the interest rate market. There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

48.6.1 Foreign Currency Risk Management

The municipality has very limited exposure to the financial risks of foreign currency. The foreign exchange loss for the financial period under review is not material. Refer to Financial Statement of Performance.

48.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, trade receivables, cash and cash equivalents, and loan payables.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured 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.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022 **2021**
R **R**

48. FINANCIAL INSTRUMENTS (Continued)

Interest Rate Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

SENSITIVITY ANALYSIS - INTEREST RATE

Effect of a change in interest rate on interest bearing financial assets and liabilities

<u>Financial Assets</u>	<u>Classification</u>		
External investments:			
Call Deposits	Amortised cost	21,601,106	11,750,000
Notice Deposits	Amortised cost	28,374,365	28,349,136
Bank Balances (overdraft)	Amortised cost	140,795,775	(1,101,162)
		<u>190,771,246</u>	<u>38,997,974</u>

Interest received

Interest Earned - External Investments	3,123,724	2,834,761
Interest rate	2%	7%

Effect of a change in interest rate on interest earned from external investments:

Effect of change in interest rate	%	1%	6%
Effect of change in interest rate	Rand value	1,216,011	2,444,782
Effect of change in interest rate	%	3%	8%
Effect of change in interest rate	Rand value	5,031,436	3,224,741

Outstanding debtors:

Trade receivables from exchange transactions	Amortised cost	1,472,456,893	1,274,836,914
Trade receivables from non-exchange transactions	Amortised cost	557,107,993	479,273,444
		<u>2,029,564,886</u>	<u>1,754,110,358</u>

Interest received

Interest Earned - Outstanding Debtors	131,159,638	105,982,501
Interest rate	6%	6%

Effect of a change in interest rate on interest earned from outstanding debtors

Effect of change in interest rate	%	5%	5%
Effect of change in interest rate	Rand value	110,863,989	88,441,397
Effect of change in interest rate	%	7%	7%
Effect of change in interest rate	Rand value	151,455,287	123,523,605

Financial Liabilities

<u>Long-term Liabilities</u>	<u>Classification</u>		
Annuity Loans	Amortised cost	159,433,365	171,537,868
Annuity Loans - current portion	Amortised cost	12,083,938	10,729,101
Finance Lease Liabilities	Amortised cost	4,033,008	6,356,739
Finance Lease Liabilities - current portion	Amortised cost	4,029,967	2,891,596
		<u>171,517,303</u>	<u>182,266,969</u>

Interest paid

Long-term Liabilities	72,909,233	36,467,278
Interest rate %	43%	20%

Effect of a change in interest rate on interest paid on long-term liabilities

Effect of change in interest rate	%	42%	19%
Effect of change in interest rate	Rand value	71,194,060	34,644,608
Effect of change in interest rate	%	44%	21%
Effect of change in interest rate	Rand value	74,624,406	38,289,947

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48. FINANCIAL INSTRUMENTS (Continued)

48.7 Effective Interest Rates and Repricing Analysis

In accordance with GRAP 104.116 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2022

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
FIXED RATE INSTRUMENTS							
Bank Facilities		171,517,303	-	-	720,690	-	170,796,613
Loan No 102855/1 : DBSA	12.61%	10,885,190					10,885,190
Loan No 102855/3 : DBSA	6.75%	720,690			720,690		
Loan No 103958/2 : DBSA	12.445%	159,911,423					159,911,423
Total Fixed Rate Instruments		171,517,303	-	-	720,690	-	170,796,613
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits		49,975,471	21,601,106	28,374,365			
Bank Balances and Cash		11,560	11,560				
Total Variable Rate Instruments		49,987,031	21,612,666	28,374,365	-	-	-

30 June 2021

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
FIXED RATE INSTRUMENTS							
Bank Facilities		182,266,969	-	-	1,162,899	-	181,104,069
Loan No 102855/1 : DBSA	12.61%	11,918,236					11,918,236
Loan No 102855/3 : DBSA	6.75%	1,162,899			1,162,899		
Loan No 103958/2 : DBSA	12.445%	169,185,834					169,185,834
Total Fixed Rate Instruments		182,266,969	-	-	1,162,899	-	181,104,069
VARIABLE RATE INSTRUMENTS							
Short-term Investment Deposits		40,099,136	11,750,000	28,349,136			
Bank Balances and Cash		11,660	11,660				
Total Variable Rate Instruments		40,110,796	11,761,660	28,349,136	-	-	-

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

48.9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. Included in the note is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 June 2022

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
Non-interest Bearing							
- Consumer Deposits		42,977,290					42,977,290
- Creditors		1,013,060,334	1,013,060,334				
- Unspent Conditional Grants		1,725,515		1,725,515			
Fixed Interest Rate Instruments							
Loan No 102855/1 : DBSA	12.61%	17,534,241	1,252,446	1,252,446	2,504,892	7,514,675	5,009,783
Loan No 102855/3 : DBSA	6.75%	513,425	256,712	256,712			
Loan No 103958/2 : DBSA	12.45%	270,262,926	15,014,607	15,014,607	30,029,214	90,087,642	120,116,856
Finance Lease Liabilities		4,509,082		4,298,865	210,217		
Total		1,350,582,812	1,029,584,099	22,548,144	32,744,323	97,602,317	168,103,929

30 June 2021

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
Non-interest Bearing							
- Consumer Deposits		39,649,651					39,649,651
- Creditors		460,095,526	460,095,526				
- Unspent Conditional Grants		6,273,218		6,273,218			
Fixed Interest Rate Instruments							
Loan No 102855/1 : DBSA	12.61%	20,039,132	1,252,446	1,252,446	2,504,892	7,514,675	7,514,675
Loan No 102855/3 : DBSA	6.75%	1,026,850	256,712	256,712	513,425		
Loan No 103958/2 : DBSA	12.45%	300,292,140	15,014,607	15,014,607	30,029,214	90,087,642	150,146,070
Finance Lease Liabilities		6,947,011		3,483,791	3,463,220		
Total		834,323,529	476,619,292	26,280,775	36,510,750	97,602,317	197,310,396

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48. FINANCIAL INSTRUMENTS (Continued)

48.10 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavoured 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 Municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists.

Counterparty and Location	30 June 2022 Gross Amount R	30 June 2021 Gross Amount R
Department of Public Works	544,163,720	593,201,223
Royal Hospital and Heart Centre	31,546,871	22,575,840
Northern Cape Department Of Health	30,662,360	18,219,714
Kimberley Engineering Works	19,113,719	11,214,266
De Beers Consolidated Mines	33,017,084	19,454,299

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:	2022 R	2021 R
Fixed Deposit Investments	49,975,471	40,099,136
Trade Receivables from Exchange Transactions	1,472,456,893	1,274,836,914
Trade Receivables from Non-Exchange Transactions	550,643,807	469,886,247
Bank, Cash and Cash Equivalents	11,560	11,660
Maximum Credit and Interest Risk Exposure	2,073,087,730	1,784,833,957

The major concentrations of credit risk that arise from the Municipality's receivables in relation to customer classification are as follows:

The maximum credit and interest risk exposure in respect of the relevant customer classification is as follows:	2022 R	2021 R
Households	1,203,888,336	1,031,764,601
Industrial/commercial	275,619,532	227,607,513
National and provincial government	550,057,018	494,738,244
Maximum Consumer Risk Exposure	2,029,564,886	1,754,110,358

**SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

49. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

Employees and Councillors belong to a variety of approved Pension and Provident Funds as described below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

All Retirement Funds are defined contribution plans. All the funds are multi-employer plans.

The total expense recognised in the Statement of Financial Performance represents contributions paid to these plans by the municipality at rates specified in the rules of the plans.

These following contributions have been expensed: 61,829,196 61,820,217

None of the below mentioned Funds are State Plans.

Municipal Councillors Pension Fund:

The actuarial valuator of the Pension Fund for councillors stated that the Fund has a funding level of 100% as at 30 June 2015 and was in a sound financial position.

LA Retirement Fund/Cape Joint Pension Fund:

The statutory valuation performed as at 30 June 2021 revealed a funding level of 100% for the Pensioner Account and the Defined Contribution Section was 100% funded.

Consolidated Retirement Fund:

The valuator stated that Consolidated Retirement Fund is in a sound financial condition as at 30 June 2020.

The Cape Retirement Fund operates as a defined contribution scheme. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of 100% for the Preservation Pensions account, 133% for the Pension Account and the solvency reserve protects the Pension Account in the event of potential adverse experiences. The contribution rate paid by the members (9%) and Municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

SALA Pension Fund:

At the valuation date of 1 July 2020 the SALA pension fund was 86.1% funded. The valuator indicated that the financial position of the Fund has deteriorated further from the previous interim valuation.

Municipal Employees Pension Fund:

At the valuation date of 28 February 2017 the Municipal Employees Pension Fund was 100% funded. The valuator stated that the fund was in a sound position for the purposes of the Pension Fund Act, 1956.

National Fund for Municipal Workers:

At the valuation date of 30 June 2020 the National Fund for Municipal Workers the Valuator stated that the assets of the fund available for benefits are sufficient to cover 100.41% of the members' liabilities and the fund is within acceptable margins.

Municipal Workers Union Retirement Fund:

The Fund was formerly the South African Municipal Workers Union National Provident Fund. At the valuation date of 30 June 2017 the Fund was 100% (30 June 2014: 111.7%) funded. The valuator stated that the fund is in a sound financial position.

50. RELATED PARTY TRANSACTIONS

50.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses.

50.2 Services rendered to Related Parties

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

50.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

50.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

50.5 Related Parties (Municipal entities or Trusts)

Municipality has no related entities or trusts for the financial year under review.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

51. CONTINGENT LIABILITIES

	2022	2021
	R	R
51.1 Guarantees:		
The municipality pledged the following amounts as guarantee for employees' housing bonds:	-	-
51.2 Court Proceedings:		
51.2.1 High Court matters	17,159,959	19,682,666
Various claims and litigation is in process.		
51.2.2 Litigation and claims in process	21,987,206	22,631,201
Various claims and litigation is in process.		
51.2.3 Labour matters (SALGBC)	1,389,612	1,070,000
Various cases involving Council.		
51.2.4 Magistrate court matters	552,761	33,000
Various cases involving Council.		
	41,089,537	43,416,866

All the above cases are being defended. The timing of any cash outflow is uncertain.

51.3 Other liabilities:

51.3.1 Various cases: The municipality has implemented task grading system as a system of remuneration for all employees. However, as at 30 June 2022, the implementation of task outcomes on employees revaluated were not finalised as yet. Management is certain that this will result in a cash outflow which is unknown at the time of submitting the financials.

51.3.2 Other cases: Various claims between employees and Council is in process.

52. CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

- -

53. IN-KIND DONATIONS AND ASSISTANCE

The municipality received no in-kind donations and assistance during the year under review.

54. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance against that budget, is set out in Note 60. Budget and actual figures are presented on a comparable basis (accrual basis of accounting).

55. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the 2021/22 financial year.

56. EVENTS AFTER THE REPORTING DATE

Management have not identified any material matter or circumstance (adjusting or non-adjusting) since the end of the financial year, that has significantly affected, or may significantly affect, the operations, the results of those operations, or the state of affairs of the municipality in future financial years. The impact of COVID-19 is generally considered to be a non-adjusting subsequent event for the reporting period. Consequently, there would be no subsequent impact on the recognition and measurement of assets and liabilities in an entity's financial statements that has not already been accounted. The effect of the virus on economic conditions and the overall inflation rates have been taken into account during estimations and judgements which existed at year end. The continued impact of the virus will affect the estimation of the future economic benefits that can be derived from assets in the declining economy of the country such conditions will be monitored closely and taken into account during the assessment made by the municipality with regards to the ability to continue as a going concern in future.

57. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 39).

58. DISCONTINUED OPERATIONS

No operations have been discontinued.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
59. STANDARDS AND INTERPRETATIONS APPROVED NOT YET EFFECTIVE		
<p>At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been approved, but are not yet effective:</p> <p>GRAP 25: Employee benefits (revised Standard) - not yet effective. GRAP 103: Heritage Assets (revised Standard) - not yet effective. GRAP 104: Financial instruments (revised Standard) - not yet effective. iGRAP 7: The limit on a defined benefit asset, minimum funding requirements and their interaction - Not yet effective. iGRAP 21: The effect of past decisions on Materiality - Not yet effective. Guideline on the Application of Materiality to Financial Statements 2020 to 2022 (no effective date yet) The Above-mentioned standards and interpretations which are relevant to the municipality will be adopted once they become effective. Application of the other GRAP standards and guidelines above will be effective from a date to be announced by the Minister of Finance.</p> <p>Management has considered all the GRAP standards issued but not yet effective and in preliminary indications management anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.</p>		

60. PRINCIPAL - AGENT ARRANGEMENTS

60.1 Principal in Principal-Agent Arrangement (Material) (Ontech)

The Sol Plaatje Local Municipality is the Principal in the Principal-Agent arrangement with ONTEC SYSTEMS PTY LTD. ONTEC SYSTEMS PTY LTD undertakes prepaid electricity sales through the use of third party vendors on behalf of Sol Plaatje Local Municipality. No significant judgements were applied in determining if the municipality was the principal. No changes have been made to the terms and conditions to the arrangement during the reporting period. No significant risks and benefits associated with the arrangement have been identified.

Compensation paid for agency activities

Commission and administrative fees	<u>26,832,885</u>	<u>24,568,026</u>
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Sol Plaatje Local municipality paid 7% commission and other administrative costs to ONTEC SYSTEMS PTY LTD for acting as an agent on its behalf during the financial year.

Resources under custodianship of agent

There are no resources of Sol Plaatje Local Municipality under the custodianship of the agent, nor have they been recognised as such. All resources provided to third party vendors are that of the agent and not of the municipality. There are no direct resource or cost implications for the principal if the principal-agent arrangement is terminated, however this will directly impact on service delivery continuity and revenue generation negatively, due to the reduction of service points.

60.2 Agent in arrangement

The Sol Plaatje Local Municipality is the Agent in the Principal-Agent arrangement with various personal insurance companies, unions and legal firms. The municipality deduct specified amounts from the salaries of municipal employees on behalf of the principals in exchange for commission of 2.5%. No significant judgements are applied in determining that the municipality was the agent in the arrangement. There has been no significant changes in the terms and conditions of the arrangements during the reporting period. There are no significant risks and benefits associated with the principal agent arrangements.

The Sol Plaatje Local Municipality is the Agent in the Principal-Agent arrangement with Department of Transport, Safety and Liaison. The municipality is responsible for the issuing of vehicle and drivers licences on behalf of Department of Transport, Safety and Liaison in exchange for commission of 12%. No significant judgements are applied in determining that the municipality was the agent in the arrangement. The responsibility of issuing vehicle licences was removed from the municipality effective 01 September 2018 significantly reducing the commission received during the reporting period.

Compensation received for agency activities

Commission (Payroll deductions)	630,970	1,023,017
Commission (Transport, Safety and Liaison)	<u>1,161,827</u>	<u>848,332</u>
Total Compensation received	<u>1,792,797</u>	<u>1,871,349</u>

Sol Plaatje Local Municipality was paid 2.5% commission by various personal insurance companies, unions and legal firms for acting as an agent on its behalf during the financial year.

Sol Plaatje Local Municipality was paid 12% commission by Department of Transport, Safety and Liaison for acting as an agent on its behalf during the financial year.

Resources under custodianship of agent

There are no resources of the principal under the custodianship of Sol Plaatje Local Municipality, nor have they been recognised as such.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

61 BUDGET VS ACTUAL COMPARITIVE INFORMATION

61.1 Revenue and Expenditure

	2022 Actual	2022 Original Budget	2022 Adjustment	2022 Final Budget	2022 Variance Original vs Final Budget %	2022 Explanation of variances greater than 10% Original versus Final Budget	2022 Variance Actual vs Final Budget R	2022 Variance Actual vs Final Budget %	2022 Explanation of significant variances greater than 10% Actual versus Final Budget
	R	R	R	R					
REVENUE									
Property Rates	599,897,839	603,706,586	-	603,706,586	0%		(3,808,747)	-1%	
Service Charges	1,139,930,202	1,291,383,494	-	1,291,383,494	0%		(151,453,292)	-12%	Decrease in consumption due to covid 19 and the economic conditions.
Rental of Facilities and Equipment	16,755,155	13,145,000	-	13,145,000	0%		3,610,155	27%	Due to covid 19 and economic conditions.
Interest Earned - External Investments	3,123,724	9,000,000	-	9,000,000	0%		(5,876,276)	-65%	Decrease in investments due to cash flow constraints.
Interest Earned - Outstanding Statutory receivables	56,451,582	-	-	-	0%		56,451,582	0%	Split of interest as a result of implementation of GRAP 108
Interest Earned - Outstanding Trade receivables	74,708,056	157,200,000	-	157,200,000	0%		(82,491,944)	-52%	Split of interest as a result of implementation of GRAP 108
Availability service charges non-exchange transactions	5,859,926	-	-	0	0%		5,859,926	0%	Budgeted under service charges
Fines	15,405,409	34,725,000	-	34,725,000	0%		(19,319,591)	-56%	Due to covid 19 and economic conditions.
Licenses and Permits	8,531,893	6,500,000	-	6,500,000	0%		2,031,893	31%	Increase in income
Government Grants and Subsidies	359,653,145	398,406,000	(31,867,393)	366,538,607	-8%	Due to capital projects being decreased.	(6,885,462)	-2%	
Public Contributions and Donations	76,850,394	-	-	-	0%		76,850,394	0%	
Other Income	14,516,909	19,411,300	273,600	19,684,900	1%		(5,167,991)	-26%	Due to covid 19 and economic conditions.
Gains on disposal of property, plant and equipment	1,134,297	-	-	-	0%		1,134,297	0%	
Total Revenue	2,372,818,532	2,533,477,380	(31,593,793)	2,501,883,587	-1%		(129,065,055)	-5%	Due to decrease in service charges and interest.
EXPENDITURE									
Employee Related Costs	766,906,239	836,387,858	5,200,000	841,587,858	1%		(74,681,619)	-9%	Due to saving on vacancies, overtime paid and evaluators report.
Remuneration of Councillors	30,736,976	34,547,434	-	34,547,434	0%		(3,810,458)	-11%	Due to lower increases.
Impairment Losses	267,518,489	275,000,000	-	275,000,000	0%		(7,481,511)	-3%	
Depreciation	70,060,080	79,150,000	-	79,150,000	0%		(9,089,920)	-11%	Decrease in depreciation
Finance Costs	72,909,233	22,260,569	41,800,000	64,060,569	188%	Increase in interest on overdue accounts.	8,848,664	14%	Due to covid 19 and economic conditions.
Bulk Purchases	639,888,887	647,000,000	-	647,000,000	0%	Moving of budget on losses of water.	(7,311,113)	-1%	
Contracted services	38,162,914	46,687,000	(5,445,000)	41,242,000	-12%	Adjusting expenditure downwards.	(3,079,086)	-7%	
Grants and Subsidies Paid	2,545,986	4,850,000	-	4,850,000	0%		(2,304,014)	-48%	Due to saving on expenditure. Cash flow and Cost containment.
General Expenses - Other	343,577,109	399,101,062	(35,708,793)	363,392,269	-9%	Adjusting expenditure downwards.	(19,815,160)	-5%	
Losses on Inventory	75,616,061	-	70,760,000	70,760,000	0%		4,856,061	0%	Not budgeted.
Foreign Exchange Loss	939,717	-	-	-	0%		939,717	0%	Due to devaluating of the Rand.
Total Expenditure	2,308,661,689	2,344,983,923	76,606,207	2,421,590,130	3%	Adjusting expenditure upwards.	(112,928,441)	-5%	Due to the savings in general.
NET SURPLUS FOR THE YEAR	64,156,842	188,493,457	(108,200,000)	80,293,457	-57%	Adjusting expenditure upwards.	(16,136,615)	-20%	Due to the income not realising.

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

61 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

61.2 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Directorate	2022 Actual Additions R	2022 Work in Progress Additions R	2022 Total Additions R	2022 Original Budget R	2022 Adjustment R	2022 Final Budget R	2022 Variance Original vs Final Budget %	2022 Explanation of variances greater than 10% Original versus Final Budget	2022 Variance Actual vs Final Budget R	2022 Variance Actual vs Final Budget %	2022 Explanation of significant variances greater than 10% Actual versus Final Budget
Executive and Council	-	-	-	-	-	-			-	0%	
Municipal General	79,480,302	2,295,111	81,775,413	55,500,000	(17,100,000)	38,400,000	-31%	Budget reduced.	43,375,413	113%	Public Contributions and Donations of assets.
Municipal Manager	-	-	-	-	-	-			-	0%	
Corporate Services	-	-	-	-	-	-			-	0%	
Community Services	-	-	-	-	-	-			-	0%	
Financial Services	-	-	-	-	-	-			-	0%	
Strategic and Economic Development	-	4,347,826	4,347,826	8,000,000	(3,000,000)	5,000,000	-38%	Budget reduced.	(652,174)	-13%	Projects ongoing.
Infrastructure and Services	5,465,730	97,604,174	103,069,904	115,766,000	(4,500,000)	111,266,000	-4%	Budget reduced.	(8,196,096)	-7%	Projects not completed.
TOTAL	84,946,032	104,247,111	189,193,143	179,266,000	(24,600,000)	154,666,000	-14%	Budget reduced.	34,527,143	22%	Public Contributions and Donations of assets.

61 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

61.3 Cash Flow

	2022 Actual	2022 Original Budget	2022 Adjustment	2022 Final Budget	2022 Variance Original vs Final Budget %	2022 Explanation of variances greater than 10% Original versus Final Budget	2022 Variance Actual vs Final Budget R	2022 Variance Actual vs Final Budget %	2022 Explanation of variances greater than 10% Actual versus Final Budget
	R	R	R	R			R	%	
CASH FLOWS FROM OPERATING ACTIVITIES									
Grants received	359,653,145	380,448,977	-	380,448,977	0%		(20,795,832)	-5%	
Sale of goods and services	1,355,010,967	1,778,759,432	-	1,778,759,432	0%		(423,748,465)	-24%	Decrease in Income due to covid 19 and the economic conditions.
Employee Costs	(736,254,804)	(841,587,858)	-	(841,587,858)	0%		105,333,054	-13%	Due to freezing of filling of positions, reduction in overtime paid and valuator's report.
Supplier payments	(681,186,047)	(1,039,083,182)	-	(1,039,083,182)	0%		357,897,135	-34%	Decrease in general spending.
Cash generated from / (utilised in) Operations	297,223,261	278,537,369	-	278,537,369					
Interest received	134,283,362	9,000,000	-	9,000,000	0%		125,283,362	1392%	Reduction in interest rate and cash flow constraints.
(Increase) / decrease in Interest Receivables	(104,158,002)	-	-	-	0%		(104,158,002)	0%	
Interest paid	(72,909,233)	(22,260,569)	-	(22,260,569)	0%		(50,648,664)	228%	Due to interest paid on overdue accounts.
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	254,439,388	265,276,800	-	265,276,800					
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Property, Plant and Equipment	(189,193,143)	(142,399,009)	(36,866,991)	(179,266,000)	21%	Increased due to increase in projects and grant allocations.	(9,927,143)	6%	
Purchase of Intangible Assets	(14,875,002)	-	-	-			(14,875,002)	0%	
Purchase of Investment Property	(2,457,000)	-	-	-			(2,457,000)	0%	
Proceeds on Disposal of Property, Plant and Equipment	239,714	-	-	-			239,714	0%	
Donation of Property, Plant and Equipment	76,850,394	-	-	-			76,850,394	0%	
Increase / (decrease) in Capital Payables	39,842,218	-	-	-			39,842,218	0%	
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(89,592,819)	(142,399,009)	(36,866,991)	(179,266,000)					
CASH FLOWS FROM FINANCING ACTIVITIES									
New Finance leases/Finance lease payments	(2,323,731)	-	-	-	0%		(2,323,731)	0%	New contracts agreements entered into.
Loans repaid	(10,749,666)	(16,582,952)	5,848,952	(10,734,000)	-54%	Correction on budget.	(15,666)	0%	
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	(13,073,397)	(16,582,952)	5,848,952	(10,734,000)					
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	151,773,172	106,294,839	(31,018,039)	75,276,800					
Cash and Cash Equivalents at the beginning of the year	39,009,634	93,891,000	-	93,891,000					
Cash and Cash Equivalents at the end of the year	190,782,806	200,185,839	(31,018,039)	169,167,800					

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

61 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

61.4 Statement of Financial Position

	2022 Actual	2022 Original Budget	2022 Adjustment	2022 Final Budget	2022 Variance Original vs Final Budget %	2022 Explanation of variances greater than 10% Original versus Final Budget	2022 Variance Actual vs Final Budget R	2022 Variance Actual vs Final Budget %	2022 Explanation of variances greater than 10% Actual versus Final Budget
	R	R	R	R					
ASSETS									
Current Assets	2,213,102,279	2,242,829,790	(109,100,000)	2,133,729,790					
Inventory	49,453,548	47,024,913	(7,702,355)	39,322,558	-20%		10,130,990	26%	
Trade Receivables from Exchange Transactions	1,420,185,976	1,475,362,830	(109,100,000)	1,366,262,830	-8%		53,923,146	4%	
Statutory Receivables from Non-Exchange Transactions	532,273,177	547,474,247	-	547,474,247	0%		(15,201,070)	-3%	
Trade Receivables from Non-Exchange Transactions	6,464,187	-	-	-	0%		6,464,187	0%	Budget allocation split not done according to GRAP 108.
Cash and Cash Equivalents	190,782,806	172,967,800	7,702,355	180,670,155	4%		10,112,651	6%	Slight increase in Cash on year end.
Statutory Receivable from Exchange Transactions	13,942,586	-	-	-	0%		13,942,586	0%	Budget allocation split not done according to GRAP 108.
Non-Current Assets	2,316,498,773	2,225,894,303	(24,600,000)	2,201,294,303					
Property, Plant and Equipment	2,003,442,282	1,964,370,361	(39,000,000)	1,925,370,361	-2%		78,071,921	4%	
Heritage Assets	12,070,884	11,863,705	-	11,863,705	0%		207,179	2%	
Intangible Assets	21,237,984	7,307,302	14,400,000	21,707,302	66%	Increase in grant.	(469,318)	-2%	
Investment Property	209,106,077	205,485,944	-	205,485,944	0%		3,620,133	2%	
Trade Receivables from Exchange Transactions	52,270,916	36,866,991	-	36,866,991	0%		15,403,925	42%	Increase in debtors arrangements entered into during the current year.
Statutory Receivables from Non-Exchange Transactions	18,370,630	-	-	-	0%		18,370,630	0%	Budget allocation split not done according to GRAP 108.
Total Assets	4,529,601,052	4,468,724,093	(133,700,000)	4,335,024,093					
LIABILITIES									
Current Liabilities	1,160,207,232	725,335,203	-	725,335,203					
Consumer Deposits	42,977,290	45,622,539	-	45,622,539	0%		(2,645,249)	-6%	
Employee Benefits	86,330,189	89,313,396	-	89,313,396	0%		(2,983,207)	-3%	
Payables from Exchange Transactions	1,013,060,334	590,399,268	-	590,399,268	0%		422,661,066	72%	Increase in creditors on year end due to cash flow constraints.
Unspent Conditional Grants and Receipts	1,725,515	-	-	-	0%		1,725,515	0%	Grants not spend at year end.
VAT Payable from Exchange Transactions	-	-	-	-	0%		-	0%	Due to impairment of VAT on receivables.
Current Portion of Long-term Liabilities	16,113,905	-	-	-	0%		16,113,905	0%	Budget to be adjusted
Non-Current Liabilities	413,494,088	417,828,681	(12,000,000)	405,828,681					
Long-term Liabilities	159,436,407	172,828,681	-	172,828,681	0%		(13,392,274)	-8%	
Employee Benefit Liabilities	252,130,000	245,000,000	(12,000,000)	233,000,000	-5%		19,130,000	8%	
Non-current Provisions	1,927,681	-	-	-	0%		1,927,681	0%	
Total Liabilities	1,573,701,319	1,143,163,884	(12,000,000)	1,131,163,884					
Total Assets and Liabilities	2,955,899,733	3,325,560,209	(121,700,000)	3,203,860,209					
NET ASSETS	2,955,899,733	3,325,560,209	(121,700,000)	3,203,860,209					
Accumulated Surplus	2,955,899,733	3,325,560,209	(121,700,000)	3,203,860,209	-4%		(247,960,476)	-8%	Decrease in general spending.
Total Net Assets	2,955,899,733	3,325,560,209	(121,700,000)	3,203,860,209					

DISCLOSURES OF DEVIATIONS FROM PROCUREMENT POLICY

DocNo.	Service Provider	Service Rendered / Product Purchased	Financial Implications	Line Manager	Motivation
SCM 01/2021/22	Tnab Enterprise	Emergency appointment of contractor to attend to sewer blockages, due Covid-19 positive case and self-isolation of Sanitation unit.	630,000	S Mkhize	Emergency
SCM 02/2021/22	Tshani Consulting cc	GIS Mapping for the Sol Plaatje Spatial Development Framework (SDF).	172,385	N Modiba	Exceptional Cases
SCM 03/2021/22	McGuire Trading Enterprise (PTY)LTD	Verification, application and updating of indigent Register.	3,000,000	L Marekwa and J Modute	Exceptional Cases
SCM 04/2021/22	Monyoro 321 Holdings	Emergency service delivery intervention on water supply and Sanitation Services: Water leaks and Sewer Blockages.	5,500,000	S Mkhize	Emergency
SCM 05/2021/22	MJB Beukes Catering	Provide Catering For Disaster Management.	245,812	MW Pretorius	Exceptional Cases
SCM 06/2021/22	MJB Beukes Catering	Provide Catering For Disaster Management.	109,492	MW Pretorius	Exceptional Cases
SCM 07/2021/22	C-Pac Pumps & Valves	Rental of mobile 6 Sludge Pumps.	255,217	S Mkhize	Emergency
SCM 08/2021/22	DTM Software Partners PTY LTD	DTM Suite Licence fee 1 July 2021-31 Oct 2021 (4 months).	59,800	M Van Zyl	Sole Provider
SCM 09/2021/22	Zilko Hospitality Africa t/a Zilko Tours	Accommodation for (6) Councillors 04-07 Aug 2021-East London (Southern Sun Hemingway's Hotel 3 nights) Cllrs Gomba, Plaatje, Mhapi, Van Wyk, Makhamba and Matshidiso.	31,770	G Arends	Exceptional Cases
SCM 10/2021/22	Zilko Hospitality Africa t/a Zilko Tours	Accommodation services & car rental for the Executive Mayor and a team of 4 nominated members of Mayoral Committee on the official visit to both the Ekurhuleni Metro & Tshwane LM to conduct onsite electricity tariff benchmarking exercise.	80,660	G Arends	Exceptional Cases
SCM 11/2021/22	Artisan Training Institute	Boiler maker Training for QJ Danster over two financial years periods 2021/22.	164,363	M Van Zyl	Exceptional Cases
SCM 12/2021/22	MJB Beukes Catering	Provision of catering to community of white city who were affected by flood and have to be removed to another alternative accommodation.	444,799	MW Pretorius	Exceptional Cases
SCM 13/2021/22	Wydex Events Promotions CC	Provision of Catering to Minister of Human Settlement and Services and delegates during the handing over of the CRU's to SPM by the department of COGHSTA and handing over of 100 Title Deeds to the Beneficiaries. The CRU were completed and if not handed over a possibility of vandalising was going to happen as there was no security acquired before hand as the project was in the hand of COGHSTA. The costs to rebuild would have been fruitless expenditure.	198,950	Gurshio Andre	Exceptional Cases
SCM 14/2021/22	Wits University	Capacitating Councillor through executive municipal finance management programme.	58,000	Michelle Van Zyl	Exceptional cases
SCM 15/2021/22	INYAMEKO TRADING 950 cc (Withdrawn and cancelled)	Direct payment to Subcontractor for the Supply Machinery for Tihageng Attenuation Pond after the termination of the Main Contractor (INFRA/ CE/T9/2020).	-	T Matolo	Exceptional Cases
SCM 16/2021/22	Metsi Chem International	Supply of Water Purification Liquid Chlorine Chemicals.	915,315	S Mkhize and S Coetzee	Emergency
SCM 17/2021/22	Magna Business Consulting	Maintenance and licence fees of the accident monitoring / reporting system.	34,351	C Jampies and C Langford	Sole Provider
SCM 18/2021/22	PWI Corporate Training (Pty) Ltd	Compulsory Assessment and Training of Pipefitters as part skills development requirements.	273,600	M Van Zyl	Exceptional Cases
SCM 19/2021/22	Data Tegra, Data Cetrix & CSI	Procurement of tools of trade for newly elected council as specified.	1,025,121	H Niemand	Exceptional Cases
SCM 20/2021/27	Sunday Times Newspaper	Advertising of the position of the Municipal Manager of SPM.	60,490	D Lang	Exceptional Cases
SCM 21/2021/22	MFM Enterprise and Resources	Provision of Security Services - Access Control at CRU1, 2 and 3 for a periods of 4 Months.	660,000	W Tom	Exceptional Cases
SCM 22/2021/22	Metsi Chem International	Emergency supply of alternative Flocculent chemicals for the purification of water.	216,652	S Coetzee	Emergency Cases
SCM 23/2021/22	Leloko Security & Trading (Pty) Ltd	Provision of Security Services - Access Control at CRU1 for a periods of 2 Months.	118,908	S Mothelezi	Exceptional Cases
SCM 24/2021/22	Institute of Internal Auditors - South Africa	External Quality Assurance Review for Internal Audit of SPM.	258,120	N Molepo	Exceptional Cases
SCM 25/2021/22	Gariep Motors	Repair of Mercedes Benz (SOL 2 NC) by Gariep Motors for mechanical parts.	50,872	O Mokale	Sole provider
SCM 26/2021/22	Sulzer R451 352.92) (Awaiting memo to Cancel the DC from from Line Manager)	Repairs on the bearing for high lift pump at Riverton in order to ensure sustainable supply of water to the community. The items required was the Michele thrust bearings which were to be removed, assed, repaired, install and commissioned on site.	-	Z Adikary	Exceptional Cases
SCM 27/2021/22	ARENA Holdings	Advertising of the position of the Senior Manager: Internal Audit of SPM.	50,563	D Lang	Exceptional Cases
SCM 28/2021/22	Bigen Africa (Memo from Line manager for cancellation 14 June 2022 dated 9 June 2022)	Appointment of Bigen Africa for provide professional, consultancy and project management services in Lerato Park for the following scope of work: Project Planning, Design, preparation and project management.	-	O Groenewaldt and N Zwane	Exceptional Cases
SCM 29/2021/22	Metsi Chem International	Supply of Water Purification Liquid Chlorine Chemicals.	365,621	S Mkhize and S Coetzee	Exceptional Cases
SCM 30/2021/22	Opto Gauteng (Pty) Ltd	Repairs to the weigh bridge at Landfill site.	211,768	D Leeuw	Sole Provider
SCM 31/2021/22	Payper Forensics	Investigation on Lost tender Document.	178,825	N Molepo	Exceptional Cases
SCM 32/2021/22	Hamba Nathi (Cancelled)	Rental of 2 double Bakkies.	-	G Mosimane	Exceptional Cases
SCM 33/2021/22	Aquila Electrical Engineering Construction, DC 10 Electrical Construction, JV Gary's Holdings & Uptown Trading & Makgwaro Electrical Contractors	Electrification of households utilising the INEP grants and this grant cease to be available after 31 March 2022.	18,780,395	N Zwane	Exceptional Cases
SCM 34/2021/22	Fast Reaction Security	Provision of Security Access at CRU 1, CRU2 and CRU 3 for a period of the three months (1 April 2022 to 30 June 2022).	540,000	W Tom	Exceptional Cases
SCM 35/2021/22	Molimi Development & Projects	Consolidation and formulation of inputs for the 5th Generation of Integrated Development Plan (IDP) 2022- 2027.	449,700	D Seeco	Exceptional Cases
SCM 36/2021/22	Refer to deviation number SCM 27/2021/22	Re- advertisement of the position of Senior Manager: Internal Audit.	38,714	D Lang	Exceptional Cases
SCM 37/2021/22	Ignite (Cancelled)	Development and drafting of Snr Management balance Scorecards.	-	R Sebolecewe	Exceptional Cases
SCM 38/2021/22	Print Zone Printing & Signage	Establishment of ward committee for the municipal area of the SPM.	337,178	G Mosimane	Exceptional Cases
SCM 39/2021/22	Jio Security & Projects Pty Ltd (Cancelled)	Provision of Security Services - at Judy Scott Library Floors for a period of 2 Months.	-	M Hough	Emergency Cases
SCM 40/2021/22	First Technology Central (Pty) Ltd (Cancelled)	Procurement of New telephone handset. (Current contract expiring in June 2022).	545,445	W Gouws and H Niemann	Exceptional Cases
SCM 41/2021/22	Glofaone, C-Pac & S&R Enterprise	Hire of 10 000 litres Water Tankers for water shut down for the duration of Shut down.	164,045	O Mokale	Exceptional Cases
SCM 42/2021/22	ARENA Holdings	Re-advertisement of the Position of Municipal Manager of Sol Plaatje Municipality in the National Newspaper.	60,490	D Lang	Emergency
SCM 43/2021/22	C-PAC Pumps and Valves	Supply and Delivery of Range Couplings.	88,539	S Mkhize	Emergency
SCM 44/2021/22	C-PAC Pumps and Valves	Supply, Delivery and Installation of 600mm valve pipeline Chamber at Riverton Water Purification Plant.	371,762	S Mkhize	Emergency
SCM 45/2021/22	Newgen Pumps & Valves (Pty) Ltd	Bulk Pipelines repairs, and related activities during Water Shutdown.	1,909,749	S Mkhize	Emergency
SCM 46/2021/22	National Brake Testing Services	Calibration of the Brake Roller testing machines which is use testing of the roadworthiness of the motor vehicle.	36,455	D Moeti	Sole Provider
SCM 47/2021/22	First Technology Central (Pty) Ltd	Purchase of a CC6610 12 Paper Buster Machine.	568,612	B Booth	Exceptional Cases
SCM 48/2021/22	N/A	N/A	-	N/A	N/A
SCM 49/2021/22	Monyangan Security Service	Appointment of Security to safeguard municipal assets in order to eliminate theft and vandalism.	774,180	C Bitterbosch	Exceptional Cases
SCM 50/2021/22	N/A (Cancelled awaiting Memo)	Appointment of Professional Service Provider for the implementation of the cost of study.	-	K Samolapo	Exceptional Cases

SOL PLAATJE LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

63 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

	2022 Original Budget	2022 Adjustment	2022 Final Budget	2022 Variance Original vs Final Budget %	2022 Explanation of variances greater than 10% Original versus Final Budget	2022 Actual Income & Expenditure R	2022 Variance Actual vs Final Budget R	2022 Variance Actual vs Final Budget %	2022 Explanation of significant variances greater than 10% Actual versus Final Budget
	R	R	R			R	R		
Income per directorate									
Executive and Council			-						
Municipal General	478,759,000	(49,767,393)	428,991,607	-10%	Decrease grants	474,234,790	45,243,183	11%	Public Contributions and Donations
Municipal Manager	-	-	-	0%		-	-	0%	
Corporate Services	6,804,000	273,600	7,077,600	4%		6,869,009	(208,591)	-3%	
Community Services	110,627,122	3,500,000	114,127,122	3%		106,478,417	(7,648,705)	-7%	
Financial Services	623,228,586	-	623,228,586	0%		610,428,571	(12,800,015)	-2%	
Strategic and Economic Development	9,041,000	14,400,000	23,441,000	159%	Increase grants	17,626,381	(5,814,619)	-25%	Income not realising.
Infrastructure and Services	1,305,017,672	-	1,305,017,672	0%		1,157,181,363	(147,836,309)	-11%	Income not realising.
Total	2,533,477,380	(31,593,793)	2,501,883,587	-1%		2,372,818,532	(129,065,055)	-5%	
Expenditure per directorate									
Executive and Council	57,882,984	-	57,882,984	0%		53,184,759	(4,698,225)	-8%	
Municipal General	335,456,115	3,200,000	338,656,115	1%		303,977,897	(34,678,218)	-10%	Saving on vacancies not filled and expenditure in general.
Municipal Manager	25,025,000	-	25,025,000	0%		20,679,121	(4,345,879)	-17%	Saving on vacancies not filled and expenditure in general.
Corporate Services	73,211,271	273,600	73,484,871	0%		64,274,078	(9,210,793)	-13%	Saving on vacancies not filled and expenditure in general.
Community Services	297,402,606	3,500,000	300,902,606	1%		286,712,516	(14,190,090)	-5%	Saving on vacancies not filled and expenditure in general.
Financial Services	152,611,387	-	152,611,387	0%		126,129,456	(26,481,931)	-17%	Saving on vacancies not filled and expenditure in general.
Strategic and Economic Development	59,374,351	217,607	59,591,958	0%		54,596,379	(4,995,579)	-8%	
Infrastructure and Services	1,344,020,209	69,415,000	1,413,435,209	5%		1,399,107,484	(14,327,725)	-1%	
Total	2,344,983,923	76,606,207	2,421,590,130	3%		2,308,661,689	(112,928,441)	-5%	Due to cost containment.
Surplus/(Deficit)	188,493,457	(108,200,000)	80,293,457	-57%	Increase in expenditure and decrease in grants.	64,156,842	(16,136,615)	-20%	Income not realising.

APPENDIX A (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022

EXTERNAL LOANS	Loan Number	Redeemable Date	Opening Balance	Received during the period	Redeemed written off during the period	Closing Balance	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG TERM LIABILITIES								
ANNUITY LOANS								
DBSA Loan @ 12.61%	102855/1	31-12-2028	11,918,236		1,033,046	10,885,190	194,430,169	
DBSA Loan @ 6.75%	102855/3	31-12-2023	1,162,899		442,209	720,690		
DBSA Loan @ 12.445%	103958/2	30-06-2031	169,185,834		9,274,410	159,911,423		
Sub total DBSA			182,266,969	-	10,749,666	171,517,303		
Total Annuity loans			182,266,969	-	10,749,666	171,517,303	194,430,169	-
TOTAL EXTERNAL LOANS			182,266,969	-	10,749,666	171,517,303	194,430,169	-

APPENDIX B (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2022

	Cost/Revaluation							Accumulated Depreciation and Impairment				Carrying Value	
	Opening Balance	Additions	Work in Progress Additions	Disposals/ Impairment	Work in Progress (WIP)			Closing Balance	Opening Balance	Additions	Disposals/ Impairment		Closing Balance
					Opening Balance	Commissioned	Closing Balance						
Infrastructure													
Electricity and Street Lights	422,257,945	580,292	34,548,486		80,857,799		115,406,285	457,386,722	140,870,102	7,150,548		148,020,650	309,366,073
Roads and Pavements	668,897,815		34,217,745		266,115,573		300,333,318	703,115,560	168,981,279	14,180,587		183,161,866	519,953,695
Sewerage	561,556,044	29,302	28,214,244		120,091,996		148,306,240	589,799,589	117,391,357	12,055,390		129,446,747	460,352,843
Storm water	96,322,747	27,570			6,442,810		6,442,810	96,350,317	42,140,364	1,365,549		43,505,913	52,844,404
Landfill Site	1,745,991	358,458						2,104,449	42,115	23,436		65,550	2,038,899
Landfill Site Improvements	22,936,818							22,936,818	3,037,554	763,577		3,801,131	19,135,687
Water	427,534,778	4,470,108	623,699		111,422,318		112,046,017	432,628,585	147,474,868	7,039,576		154,514,444	278,114,141
	2,201,252,137	5,465,730	97,604,174	-	584,930,496	-	682,534,670	2,304,322,041	619,937,638	42,578,663	-	662,516,301	1,641,805,741
Community Assets													
Owned Buildings	245,398,696	69,616,910	6,642,937		13,445,151		20,088,088	321,658,544	89,371,141	9,870,328		99,241,469	222,417,075
Land	93,626,994	2,183,084						95,810,078				-	95,810,078
	339,025,690	71,799,994	6,642,937	-	13,445,151	-	20,088,088	417,468,621	89,371,141	9,870,328	-	99,241,469	318,227,153
Heritage Assets													
Heritage Assets	12,070,884				6,053,530		6,053,530	12,070,884				-	12,070,884
	12,070,884	-	-	-	6,053,530	-	6,053,530	12,070,884	-	-	-	-	12,070,884
Other Assets													
Computer Equipment	20,578,733	3,857,475						24,436,208	14,888,650	2,152,477		17,041,127	7,395,081
Furniture and Equipment	22,238,835	183,923						22,422,758	17,465,585	1,935,968		19,401,554	3,021,204
Other Machinery and Equipment	17,055,894	1,194,384						18,250,278	12,472,303	1,236,926		13,709,229	4,541,049
Motor Vehicles	107,570,110	2,444,526						110,014,636	73,255,708	8,306,874		81,562,582	28,452,054
	167,443,572	7,680,308	-	-	-	-	-	175,123,879.91	118,082,246	13,632,245	-	131,714,491	43,409,389
Total	2,719,792,284	84,946,032	104,247,111	-	604,429,176	-	708,676,287	2,908,985,426	827,391,025	66,081,235	-	893,472,260	2,015,513,166

APPENDIX C (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2022

Directorate	Cost							Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Work in Progress Additions	Disposals	Work in Progress (WIP)			Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
					Opening Balance	Commissioned	Closing Balance						
Executive and Council	3,639,615							3,639,615	1,365,207	109,035		1,474,242	2,165,372
Municipal General	227,592,029	79,480,302	2,295,111	-	57,631,934		59,927,045	309,367,442	8,808,000	703,469		9,511,469	299,855,973
Municipal Manager	2,126,748							2,126,748	988,527	78,951		1,067,477	1,059,271
Corporate Services	37,346,562							37,346,562	12,968,883	1,035,786		14,004,669	23,341,893
Community Services	339,534,154							339,534,154	97,359,022	7,775,773		105,134,794	234,399,360
Financial Services	18,264,445							18,264,445	9,174,580	732,746		9,907,326	8,357,119
Strategic and Economic Development	38,204,555		4,347,826		-		4,347,826	42,552,381	15,593,193	1,245,381		16,838,575	25,713,806
Infrastructure and Services	2,053,084,176	5,465,730	97,604,174	-	546,797,243		644,401,416	2,156,154,080	681,133,613	54,400,095		735,533,708	1,420,620,372
TOTAL	2,719,792,284	84,946,032	104,247,111	-	604,429,176	-	708,676,287	2,908,985,426	827,391,025	66,081,235	-	893,472,260	2,015,513,166

APPENDIX E (UNAUDITED)
SOL PLAATJE LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Grants and Subsidies received for the year ended 30 June 2022

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Library Services	Provincial	8,300,000	8,300,000	-	8,300,000	None	Yes	None
EPWP	Provincial	3,362,000	3,362,000	-	3,362,000	None	Yes	None
Municipal Disaster Relief Grant	Provincial	1,015,000	1,015,000	-	N/A	None	Yes	None
Equitable Share	National	212,327,611	N/A	-	212,328,000	None	Yes	None
WSIG	National	21,000,000	16,043,412	-	21,000,000	None. Debtor outstanding R1 363 582. Debtor paid R6 320 170.	Yes	None
Financial Management Grant	National	1,650,000	1,650,000	-	1,650,000	None	Yes	None
IUDG	National	54,266,000	54,266,000	-	54,266,000	None	Yes	None
INEP	National	36,500,000	35,457,666	-	36,500,000	None	Yes	None
ISDG (Skills)	National	5,500,000	4,900,738	-	5,500,000	None	Yes	None
Frances Baard Municipality	Municipality	7,669,529	7,669,529	-	N/A	None	N/A	None
Department of Economic Dev	Provincial	345,107	261,188	-	N/A	None	Yes	None
European Union	EU	14,400,000	14,400,001	-	N/A	None	Yes	None
Total		366,335,247	147,325,534	0	342,906,000			

National and Provincial grants are spent in accordance with business plans approved by the various Government Departments.
The EPWP grant is a job creating grant to alleviate poverty and unemployment approved by National Government.

APPENDIX E
SOL PLAATJE LOCAL MUNICIPALITY
APPROPRIATION STATEMENT FOR THE ENDED 30 JUNE 2022

NC091 Sol Plaatje - Reconciliation of Table A1 Budget Summary

Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousands												
Financial Performance												
Property rates	603,707	–	603,707	599,898		(3,809)	99.4%	99.4%				571,075
Service charges	1,291,383	–	1,291,383	1,145,790		(145,593)	88.7%	88.7%				1,053,050
Investment revenue	166,200	–	166,200	134,283		(31,917)	80.8%	80.8%				2,835
Transfers recognised - operational	230,640	6,233	236,873	221,643		(15,230)	93.6%	96.1%				242,442
Other own revenue	73,781	274	74,055	133,194		59,139	179.9%	180.5%				179,107
Total Revenue (excluding capital transfers and contributions)	2,365,711	6,506	2,372,218	2,234,808		(137,410)	94.2%	94.5%				2,048,509
Employee costs	836,388	5,200	841,588	766,906	–	(74,682)	91.1%	91.7%	–	–	–	726,331
Remuneration of councillors	34,547	–	34,547	30,737	–	(3,810)	89.0%	89.0%	–	–	–	30,260
Debt impairment	275,000	–	275,000	267,518	–	(7,482)	97.3%	97.3%	–	–	–	344,346
Depreciation & asset impairment	79,150	–	79,150	70,060	–	(9,090)	88.5%	88.5%	–	–	–	58,129
Finance charges	22,261	41,200	63,461	72,909	–	9,449	114.9%	327.5%	–	–	–	36,467
Materials and bulk purchases	647,000	–	647,000	639,689	–	(7,311)	98.9%	98.9%	–	–	–	820,489
Transfers and grants	4,850	–	4,850	2,546	–	(2,304)	52.5%	52.5%	–	–	–	2,528
Other expenditure	445,788	30,206	475,994	458,296	–	(17,698)	96.3%	102.8%	–	–	–	143,296
Total Expenditure	2,344,984	76,606	2,421,590	2,308,662	–	(112,928)	95.3%	98.5%	–	–	–	2,161,846
Surplus/(Deficit)	20,727	(70,100)	(49,373)	(73,854)		(24,481)	149.6%	-356.3%				(113,337)
Transfers recognised - capital	167,766	(38,100)	129,666	138,011		8,345	106.4%	82.3%				130,547
Contributions recognised - capital & contributed assets	–	–	–	–		–	–	–				–
Surplus/(Deficit) after capital transfers & contributions	188,493	(108,200)	80,293	64,157		(16,137)	79.9%	34.0%				17,210
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–				–
Surplus/(Deficit) for the year	188,493	(108,200)	80,293	64,157		(16,137)	79.9%	34.0%				17,210
Capital expenditure & funds sources												
Capital expenditure	179,266	(24,600)	154,666	203,931		49,265	131.9%	113.8%				129,814
Transfers recognised - capital	167,766	(38,100)	129,666	112,818		(16,848)	87.0%	67.2%				114,627
Public contributions & donations	–	–	–	76,850		76,850	#DIV/0!	#DIV/0!				–
Borrowing	–	–	–	–		–	–	–				–
Internally generated funds	11,500	13,500	25,000	14,263		(10,737)	57.1%	124.0%				15,186
Total sources of capital funds	179,266	(24,600)	154,666	203,931		49,265	131.9%	113.8%				129,814
Cash flows												
Net cash from (used) operating	265,115	162	265,277	254,439		(10,837)	95.9%	96.0%				73,411
Net cash from (used) investing	(179,266)	–	(179,266)	(89,593)		89,673	50.0%	50.0%				(129,814)
Net cash from (used) financing	(10,734)	–	(10,734)	(13,073)		(2,339)	121.8%	121.8%				(3,894)
Cash/cash equivalents at the year end	169,006	162	169,168	190,783		21,615	112.8%	112.9%				39,010

(0)
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NC091 Sol Plaatje - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	1,109,592	(49,494)	1,060,098	1,092,994		32,897	103.1%	98.5%				1,022,778
Executive and council	478,759	(49,767)	428,992	474,235		45,243	110.5%	99.1%				1,022,275
Budget and treasury office	630,833	274	631,106	610,429		(20,678)	96.7%	96.8%				503
Corporate services	-	-	-	8,331		8,331	#DIV/0!	#DIV/0!				-
Community and public safety	27,556	3,500	31,056	48,479		17,423	156.1%	175.9%				39,910
Community and social services	10,980	500	11,480	29,218		17,738	254.5%	266.1%				27,428
Sport and recreation	3,315	-	3,315	3,372		56	101.7%	101.7%				308
Public safety	760	-	760	674		(86)	88.7%	88.7%				138
Housing	12,401	-	12,401	12,192		(209)	98.3%	98.3%				11,967
Health	100	3,000	3,100	3,023		(77)	97.5%	3023.2%				69
Economic and environmental services	23,286	14,400	37,686	18,591		(19,095)	49.3%	79.8%				1,795
Planning and development	5,166	14,400	19,566	17,626		(1,940)	90.1%	341.2%				1,080
Road transport	18,120	-	18,120	964		(17,156)	5.3%	5.3%				715
Environmental protection	-	-	-	-		-	-	-				-
Trading services	1,363,208	-	1,363,208	1,212,755		(150,454)	89.0%	89.0%				1,106,680
Electricity	877,157	-	877,157	742,533		(134,623)	84.7%	84.7%				671,706
Water	328,612	-	328,612	307,596		(21,015)	93.6%	93.6%				286,254
Waste water management	86,848	-	86,848	93,896		7,047	108.1%	108.1%				86,142
Waste management	70,592	-	70,592	68,729		(1,862)	97.4%	97.4%				62,577
Other	9,835	-	9,835	-		(9,835)	-	-				5,324
Total Revenue - Standard	2,533,477	(31,594)	2,501,884	2,372,819		(129,065)	94.8%	93.7%				2,176,487
Expenditure - Standard												
Governance and administration	683,100	3,474	686,574	572,487	-	(114,087)	83.4%	83.8%	-	-	-	641,008
Executive and council	405,549	3,200	408,749	382,083		(26,665)	93.5%	94.2%				630,479
Budget and treasury office	270,570	274	270,844	126,129		(144,714)	46.6%	46.6%				10,530
Corporate services	6,982	-	6,982	64,274		57,293	920.6%	920.6%				-
Community and public safety	183,469	3,500	186,969	233,908	-	46,939	125.1%	127.5%	-	-	-	222,952
Community and social services	42,230	595	42,825	113,295		70,471	264.6%	268.3%				113,892
Sport and recreation	55,822	(165)	55,657	41,147		(14,511)	73.9%	73.7%				32,303
Public safety	43,502	70	43,572	40,933		(2,640)	93.9%	94.1%				37,451
Housing	23,480	-	23,480	19,874		(3,606)	84.6%	84.6%				21,940
Health	18,435	3,000	21,435	18,659		(2,776)	87.0%	101.2%				17,367
Economic and environmental services	139,819	1,178	140,997	99,028	-	(41,968)	70.2%	70.8%	-	-	-	55,032
Planning and development	48,172	203	48,375	54,596		6,222	112.9%	113.3%				12,487
Road transport	90,936	975	91,911	43,731		(48,179)	47.6%	48.1%				42,545
Environmental protection	711	-	711	700		(10)	98.5%	98.5%				-
Trading services	1,313,216	68,440	1,381,656	1,367,253	-	(14,403)	99.0%	104.1%	-	-	-	1,203,599
Electricity	857,928	32,000	889,928	882,510		(7,418)	99.2%	102.9%				744,081
Water	29,900	29,900	59,800	322,575		(262,775)	98.8%	108.7%				314,140
Waste water management	88,033	6,540	94,573	90,190		(4,383)	95.4%	102.5%				86,864
Waste management	70,592	-	70,592	71,978		1,386	102.0%	102.0%				58,513
Other	25,380	15	25,395	35,986		10,591	141.7%	141.8%				36,686
Total Expenditure - Standard	2,344,984	76,606	2,421,590	2,308,662	-	(112,928)	95.3%	98.5%	-	-	-	2,159,277
Surplus/(Deficit) for the year	188,493	(108,200)	80,293	64,157	-	(16,137)	79.9%	34.0%	-	-	-	17,210

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NC091 Sol Plaatje - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL	478,759	(49,767)	428,992	474,235	-	45,243	110.5%	99.1%	-	-	-	419,075
Vote 3 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES	6,804	274	7,078	6,869	-	(209)	97.1%	101.0%	-	-	-	6,247
Vote 5 - COMMUNITY SERVICES	110,627	3,500	114,127	106,478	-	(7,649)	93.3%	96.2%	-	-	-	90,521
Vote 6 - FINANCIAL SERVICES	623,229	-	623,229	610,429	-	(12,800)	97.9%	97.9%	-	-	-	594,906
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	9,041	14,400	23,441	17,626	-	(5,815)	75.2%	195.0%	-	-	-	9,357
Vote 8 - INFRASTRUCTURE AND SERVICES	1,305,018	-	1,305,018	1,157,181	-	(147,836)	88.7%	88.7%	-	-	-	1,056,382
Total Revenue by Vote	2,533,477	(31,594)	2,501,884	2,372,819		(129,065)	94.8%	93.7%				2,176,487
Expenditure by Vote to be appropriated												
Vote 1 - EXECUTIVE AND COUNCIL	57,883	-	57,883	53,185	-	(4,698)	91.9%	91.9%	-	-	-	53,202
Vote 2 - MUNICIPAL AND GENERAL	335,456	3,200	338,656	303,978	-	(34,678)	89.8%	90.6%	-	-	-	335,670
Vote 3 - MUNICIPAL MANAGER	25,025	-	25,025	20,679	-	(4,346)	82.6%	82.6%	-	-	-	22,272
Vote 4 - CORPORATE SERVICES	73,211	274	73,485	64,274	-	(9,211)	87.5%	87.8%	-	-	-	63,012
Vote 5 - COMMUNITY SERVICES	297,403	3,500	300,903	286,713	-	(14,190)	95.3%	96.4%	-	-	-	259,526
Vote 6 - FINANCIAL SERVICES	152,611	-	152,611	126,129	-	(26,482)	82.6%	82.6%	-	-	-	126,380
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	59,374	218	59,592	54,596	-	(4,996)	91.6%	92.0%	-	-	-	53,419
Vote 8 - INFRASTRUCTURE AND SERVICES	1,344,020	69,415	1,413,435	1,399,107	-	(14,328)	99.0%	104.1%	-	-	-	1,245,798
Total Expenditure by Vote	2,344,984	76,606	2,421,590	2,308,662	-	(112,928)	95.3%	98.5%	-	-	-	2,159,277
Surplus/(Deficit) for the year	188,493	(108,200)	80,293	64,157		(16,137)	79.9%	34.0%				17,210

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NC091 Sol Plaatje - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2021/22								2020/21			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	603,707	-	603,707	599,898		(3,809)	99.4%	99.4%				571,075
Service charges - electricity revenue	861,157	-	861,157	728,847		(132,309)	84.6%	84.6%				659,307
Service charges - water revenue	294,012	-	294,012	272,919		(21,093)	92.8%	92.8%				259,156
Service charges - sanitation revenue	76,648	-	76,648	83,392		6,744	108.8%	108.8%				78,186
Service charges - refuse revenue	59,567	-	59,567	60,632		1,065	101.8%	101.8%				56,401
Service charges - other	-	-	-	-		-	-	-				-
Rental of facilities and equipment	13,145	-	13,145	16,755		3,610	127.5%	127.5%				12,018
Interest earned - external investments	9,000	-	9,000	3,124		(5,876)	34.7%	34.7%				2,835
Interest earned - outstanding debtors	157,200	-	157,200	131,160		(26,040)	83.4%	83.4%				105,983
Dividends received	-	-	-	-		-	-	-				-
Fines	34,725	-	34,725	15,405		(19,320)	44.4%	44.4%				29,477
Licences and permits	6,500	-	6,500	8,532		2,032	131.3%	131.3%				6,383
Agency services	-	-	-	-		-	-	-				-
Transfers recognised - operational	230,640	6,233	236,873	221,643		(15,230)	93.6%	96.1%				242,442
Other revenue	19,411	274	19,685	91,367		71,682	464.1%	470.7%				17,354
Gains on disposal of PPE	-	-	-	1,134		1,134						7,893
Total Revenue (excluding capital transfers and contributions)	2,365,711	6,506	2,372,218	2,234,808		(137,410)	94.2%	94.5%				2,048,509
Expenditure By Type												
Employee related costs	836,388	5,200	841,588	766,906		(74,682)	91.1%	91.7%				726,331
Remuneration of councillors	34,547	-	34,547	30,737		(3,810)	89.0%	89.0%				30,260
Debt impairment	275,000	-	275,000	267,518		(7,482)	97.3%	97.3%				344,346
Depreciation & asset impairment	79,150	-	79,150	70,060		(9,090)	88.5%	88.5%				58,129
Finance charges	22,261	41,200	63,461	72,909		9,449	114.9%	327.5%				36,467
Bulk purchases	647,000	-	647,000	639,689		(7,311)	98.9%	98.9%				654,873
Other materials	279,331	(47,801)	231,530	192,138		(39,392)	83.0%	68.8%				165,616
Contracted services	46,687	(5,465)	41,222	38,163		(3,059)	92.6%	81.7%				40,651
Transfers and grants	4,850	-	4,850	2,546		(2,304)	52.5%	52.5%				2,528
Other expenditure	119,770	12,712	132,482	151,439		18,957	114.3%	126.4%				102,187
Loss on disposal of PPE	-	70,760	70,760	76,556		5,796	108.2%	#DIV/0!				458
Total Expenditure	2,344,984	76,606	2,421,590	2,308,662	-	(112,928)	95.3%	98.5%	-	-	-	2,161,846
Surplus/(Deficit)	20,727	(70,100)	(49,373)	(73,854)		(24,481)	149.6%	-356.3%				(113,337)
Transfers recognised - capital	167,766	(52,500)	115,266	138,011		22,745	119.7%	82.3%				130,547
Contributions recognised - capital	-	14,400	14,400	-		(14,400)	-	-				-
Contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	188,493	(108,200)	80,293	64,157		(16,137)	79.9%	34.0%				17,210
Taxation												
Surplus/(Deficit) after taxation	188,493	(108,200)	80,293	64,157		(16,137)	79.9%	34.0%				17,210
Attributable to minorities												
Surplus/(Deficit) attributable to municipality	188,493	(108,200)	80,293	64,157		(16,137)	79.9%	34.0%				17,210
Share of surplus/ (deficit) of associate												
Surplus/(Deficit) for the year	188,493	(108,200)	80,293	64,157		(16,137)	79.9%	34.0%				17,210

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NC091 Sol Plaatje - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2021/22							2020/21				
	Original Budget	Total Budget Adjustments (I.Lo. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL	33,000	(30,000)	3,000	2,295	-	(705)	77%	7%	-	-	-	43,831
Vote 3 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	8,000	11,400	19,400	18,239	-	(1,161)	94%	228%	-	-	-	-
Vote 8 - INFRASTRUCTURE AND SERVICES	81,266	1,520	82,786	68,298	-	(14,488)	82%	84%	-	-	-	68,162
Capital multi-year expenditure	122,266	(17,080)	105,186	88,832	-	(16,354)	84%	73%	-	-	-	111,992
Single-year expenditure												
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL	22,500	(4,500)	18,000	8,943	-	(9,057)	50%	40%	-	-	-	17,663
Vote 3 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL SERVICES	-	-	-	76,850	-	76,850	#DIV/0!	#DIV/0!	-	-	-	-
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - INFRASTRUCTURE AND SERVICES	34,500	(3,020)	31,480	29,306	-	(2,174)	93%	85%	-	-	-	159
Capital single-year expenditure	57,000	(7,520)	49,480	115,099	-	65,619	233%	202%	-	-	-	17,822
Total Capital Expenditure - Vote	179,266	(24,600)	154,666	203,931	-	49,265	132%	114%	-	-	-	129,814
Capital Expenditure - Standard												
Governance and administration	55,500	(34,500)	21,000	11,238	-	(9,762)	54%	20%	-	-	-	63,456
Executive and council	55,500	(34,500)	21,000	11,238	-	(9,762)	-	-	-	-	-	63,456
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	-	-	76,850	-	76,850	#DIV/0!	#DIV/0!	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	76,850	-	76,850	#DIV/0!	#DIV/0!	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	8,000	47,070	55,070	52,457	-	(2,613)	95%	656%	-	-	-	-
Planning and development	8,000	11,400	19,400	18,239	-	(1,161)	94%	228%	-	-	-	-
Road transport	-	35,670	35,670	34,218	-	(1,452)	96%	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	115,766	(37,170)	78,596	63,386	-	(15,210)	81%	55%	-	-	-	66,358
Electricity	67,500	(27,000)	40,500	34,548	-	(5,952)	85%	51%	-	-	-	16,469
Water	1,000	-	1,000	624	-	(376)	62%	62%	-	-	-	1,312
Waste water management	47,266	(10,170)	37,096	28,214	-	(8,882)	76%	60%	-	-	-	48,418
Waste management	-	-	-	-	-	-	-	-	-	-	-	159
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	179,266	(24,600)	154,666	203,931	-	49,265	132%	114%	-	-	-	129,814
Funded by:												
National Government	167,766	(56,000)	111,766	95,428	-	(16,338)	85%	57%	-	-	-	112,144
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	3,500	3,500	3,500	-	(0)	100%	-	-	-	-	-
Other transfers and grants	-	14,400	14,400	13,891	-	(509)	96%	#DIV/0!	-	-	-	2,483
Transfers recognised - capital	167,766	(38,100)	129,666	112,818	-	(16,848)	87%	67%	-	-	-	114,627
Public contributions & donations	-	-	-	76,850	-	76,850	#DIV/0!	#DIV/0!	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11,500	13,500	25,000	14,263	-	(10,737)	57%	124%	-	-	-	15,186
Total Capital Funding	179,266	(24,600)	154,666	203,931	-	49,265	132%	114%	-	-	-	129,814

Please select from list - Reconciliation of Table A7 Budgeted Cash Flows

Description	2021/22							2020/21
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalties and collection charges	537,299	-	537,299		(537,299)	-	-	571,075
Service charges	901,622	-	901,622	1,355,011	1,001,262	383.0%	150.3%	745,106
Other revenue	339,839	13,910	353,749		(236,873)	-	-	
Government - operating	230,640	6,233	236,873	235,986	(887)	99.6%	102.3%	260,426
Government - capital	149,809	(20,143)	129,666	123,667	(5,999)	95.4%	82.5%	112,562
Interest	9,000	-	9,000	30,125	21,125	334.7%	334.7%	59,030
Dividends	-	-	-		-	-	-	
Payments								
Suppliers and employees	(1,880,833)	162	(1,880,671)	(1,417,441)	463,230	75.4%	75.4%	(1,638,321)
Finance charges	(22,261)	-	(22,261)	(72,909)	(50,649)	327.5%	327.5%	(36,467)
Transfers and Grants	-	-	-		-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	265,115	162	265,277	254,439	(10,837)	95.9%	96.0%	73,411
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE			-	240	240	#DIV/0!	#DIV/0!	
Decrease (Increase) in non-current debtors			-		-	-	-	
Decrease (increase) other non-current receivables		-	-		-	-	-	
Decrease (increase) in non-current investments			-		-	-	-	
Payments								
Capital assets	(179,266)	-	(179,266)	(89,833)	89,433	50.1%	50.1%	(129,814)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(179,266)	-	(179,266)	(89,593)	89,673	50.0%	50.0%	(129,814)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans					-	-	-	
Borrowing long term/refinancing					-	-	-	5,653
Increase (decrease) in consumer deposits		-	-		-	-	-	
Payments								
Repayment of borrowing	(10,734)	-	(10,734)	(13,073)	(2,339)	121.8%	121.8%	(9,548)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(10,734)	-	(10,734)	(13,073)	(2,339)	121.8%	121.8%	(3,894)
NET INCREASE/ (DECREASE) IN CASH HELD	75,115	162	75,277	151,773				(60,297)
Cash/cash equivalents at the year begin:	93,891	115,263	93,891	39,010				99,307
Cash/cash equivalents at the year end:	169,006	202,090	169,168	190,783	21,615	112.8%	112.9%	39,010