

NAMA KHOI LOCAL MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2024

NAMA KHOI LOCAL MUNICIPALITY

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NAMA KHOI LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Nama Khoi Local Municipality performs the functions as set out in the Constitution of South Africa, 1996

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act 117 of 1998).

JURISDICTION

The Nama Khoi Local Municipality includes the following areas:

Springbok	Concordia	Violdrift	Buffelsrivier
Okiep	Goodhouse	Nababeep	Bulletrap
Steinkopf	Kleinzee	Komaggas	Carolusberg

Kotzehoop/Rooiwal

MEMBERS OF THE COUNCIL

Kritzinger R (Mayor) (Previously Speaker, changed roles with GMS Bock as from 18 June 2024)

Bock GMS (Speaker) (Previously Mayor, changed roles with R Kritzinger as from 18 June 2024)

Visser C

Jordaan WS

Coetzee CG

De Jongh ZP

Van Den Heever JE

Cloete S

Baadjies MR

Adams RF

Cloete SJ

Julie AM

Otto JFM

Claasen RSJ

Losper JC

Polori KA

Britz WC

AUDITED ANNUAL FINANCIAL STATEMENTS

MEMBERS OF THE MAYORAL COMMITTEE

Kritzinger R

Jordaan WS

Visser C

Bock GMS (Ex-officio as from 18 June 2024)

MUNICIPAL MANAGER

Swartz J

CHIEF FINANCIAL OFFICER

Cloete HE

AUDIT COMMITTEE

Rootman FJ (Chairperson)

J Stone

T Fortuin

REGISTERED OFFICE

4 Namakwa St

Springbok

8240

NAMA KHOI LOCAL MUNICIPALITY

GENERAL INFORMATION

NAMA KHOI LOCAL MUNICIPALITY

GENERAL INFORMATION

POSTAL ADDRESS

Private Bag X17
Springbok
8240

AUDITORS

Auditor General of South Africa

PRINCIPAL BANKERS

Nedbank Limited

RELEVANT LEGISLATION

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
Collective Agreements
Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)
Division of Revenue Act
Electricity Act, 1987 (Act 41 of 1987)
Employment Equity Act, 1998 (Act 55 of 1998)
Employment Services, 2014 (Act 4 of 2014)
Housing Act, 1997 (Act 107 of 1997)
Labour Relations Act, 1995 (Act 66 of 1995)
Municipal Budget and Reporting Regulations
Municipal Finance Management Act, 2003 (Act 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act, 2004 (Act 6 of 2004)
Municipal Regulations on a Standard Chart of Accounts, 2014
Municipal Structures Act, 1998 (Act 117 of 1998) as amended
Municipal Systems Act, 2000 (Act 32 of 2000) as amended
National Environmental Management Act, 2008 (Act 62 of 2008)
National Minimum Wage Act 9 of 2018
Occupational Health and Safety Act, 1993 (Act 85 of 1993)
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
SALGBC Leave Regulations
Skills Development Levies Act, 1999 (Act 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act, 1966 (Act 30 of 1966)
Unemployment Insurance Contributions Act 4 of 2002
Value Added Tax Act
Water Services Act, 1997 (Act 108 of 1997)

NAMA KHOI LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2024, which are set out on pages 1 to 85 in terms of Section 126 (1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and which I have signed on behalf of the Municipality.

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

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2025 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

U

Swartz J
Municipal Manager

Date

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2024 R (Actual)	2023 R (Restated)
ASSETS			
Current Assets			
		144,291,605	120,158,050
Cash and Cash Equivalents	2	44,220,285	46,770,344
Receivables from Exchange Transactions	3	47,377,248	29,913,489
Receivables from Non-Exchange Transactions	4	23,229,378	14,180,100
Taxes	5	25,739,085	27,076,503
Inventory	7	3,725,609	2,217,613
Non-Current Assets			
		764,090,065	784,682,521
Long-term Receivables	6	-	-
Investment Property	8	124,022,471	124,391,401
Property, Plant and Equipment	9	638,472,306	658,654,449
Intangible Assets	10	111,019	152,401
Heritage Assets	11	1,484,269	1,484,269
Total Assets		908,381,670	904,840,571
Current Liabilities			
		368,729,010	498,704,908
Current Portion of Long-term Liabilities	12	4,781,775	4,505,297
Consumer Deposits	AUDITED ANNUAL FINANC 13	4,325,922	4,038,549
Payables from Exchange Transactions	14	330,673,407	462,900,448
Unspent Conditional Government Grants	15	18,970,141	15,478,648
Current Employee Benefits	16	9,977,765	11,781,966
Provisions	18	-	-
Non-Current Liabilities			
		283,545,888	145,325,836
Long-term Liabilities	12	148,271,639	20,734,081
Employee Benefits	17	27,407,000	28,978,000
Non-Current Provisions	18	107,867,249	95,613,755
Total Liabilities		652,274,898	644,030,745
NET ASSETS		256,106,772	260,809,826
COMMUNITY WEALTH			
Accumulated Surplus		256,106,772	260,809,826
		256,106,772	260,809,826

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R (Actual)	2023 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		190,738,557	140,774,839
Taxation Revenue		50,991,845	51,448,145
Property Rates	19	50,991,845	51,448,145
Transfer Revenue		81,395,644	76,890,532
Government Grants and Subsidies - Operating	20	68,852,204	64,198,145
Government Grants and Subsidies - Capital	20	12,543,440	10,442,387
Contributed Assets	21	-	2,250,000
Other Revenue		58,351,068	12,436,162
Availability Charges	22	1,301,429	1,171,436
Fines, penalties and forfeits		586,821	1,487,437
Interest Earned - outstanding debtors (non-exchange)		5,712,243	4,015,667
Licences and Permits	23	1,830,599	1,165,952
Actuarial Gains	24	4,444,000	4,595,670
Debt Waived	25	44,475,975	-
REVENUE FROM EXCHANGE TRANSACTIONS		228,259,316	201,465,911
Operating Activities		228,259,316	201,465,911
Service Charges	26	194,619,262	172,967,310
Rental of Facilities and Equipment	27	3,276,313	3,951,902
Interest Earned - external investments	28	4,321,711	2,713,645
Interest Earned - outstanding debtors (exchange)		21,739,140	17,415,434
Agency Services	29	100,021	288,330
Other Income	30	4,202,869	4,129,291
TOTAL REVENUE		418,997,873	342,240,750
EXPENDITURE			
Employee Related Costs	31	95,247,662	99,116,182
Remuneration of Councillors	32	7,340,041	6,758,975
Debt Impairment	33	39,222,085	48,527,264
Depreciation, Amortisation and Impairment	34	37,219,580	39,479,894
Finance Charges	35	43,000,767	22,280,388
Bulk Purchases	36	109,867,151	101,918,231
Other Expenditure	37	45,504,712	44,162,539
Loss on disposal of Non-Monetary Assets	38	143,493	720,373
Inventory Consumed	39	36,429,467	42,657,281
Inventory Write Off	40	9,725,969	8,291,221
TOTAL EXPENDITURE		423,700,927	413,912,347
NET DEFICIT FOR THE YEAR		(4,703,054)	(71,671,597)

NAMA KHOI LOCAL MUNICIPALITY

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

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2022 - Previously Reported	321,956,830	321,956,830
Correction of error restatement - note 41.4	10,524,593	10,524,593
Balance on 30 June 2022 - Restated	332,481,423	332,481,423
Net Deficit for the year	(71,671,597)	(71,671,597)
Balance on 30 June 2023 - Restated	260,809,826	260,809,826
Net Deficit for the year	(4,703,054)	(4,703,054)
Balance on 30 June 2024	256,106,772	256,106,772

AUDITED ANNUAL FINANCIAL STATEMENTS

NAMA KHOI LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R (Actual)	2023 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		41,806,098	41,468,192
Service Charges and Interest on outstanding Debtors		176,097,850	153,889,353
Other Revenue and receipts		46,822,239	5,786,311
Government Grants		84,887,137	72,546,000
Investment Income		4,321,711	2,713,645
Payments			
Suppliers and employees		(440,401,240)	(253,573,164)
Finance charges		(30,266,125)	(11,058,248)
NET CASH FROM/(USED) OPERATING ACTIVITIES	42	(116,732,330)	11,772,089
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Non-Monetary Assets		-	-
Payments			
Purchase of Capital Assets		(13,631,764)	(13,587,651)
NET CASH USED INVESTING ACTIVITIES		(13,631,764)	(13,587,651)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		132,319,332	25,000,000
Payments			
Loans repaid		(4,505,298)	(931,081)
NET CASH FROM FINANCING ACTIVITIES		127,814,035	24,068,919
NET INCREASE/(DECREASE) IN CASH HELD		(2,550,059)	22,253,357
Cash and Cash Equivalents at the beginning of the year		46,770,344	24,516,987
Cash and Cash Equivalents at the end of the year		44,220,285	46,770,344

NAMA KHOI LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash and cash equivalents	5,272,169	(1,029,826)	4,242,343	44,220,285	39,977,942
Receivables from exchange transactions	65,735,084	3,294,681	69,029,765	47,377,248	(21,652,517)
Receivables from non-exchange transactions	31,297,351	(18,078,960)	13,218,391	23,229,378	10,010,987
Inventory	(5,843,983)	7,460,089	1,616,106	3,725,609	2,109,503
Taxes	22,765,120	(1,304,054)	21,461,066	25,739,085	4,278,019
Other current assets	(517,943)	5,357,979	4,840,036	-	(4,840,036)
Total current assets	118,707,798	(4,300,091)	114,407,707	144,291,605	29,883,898
Non current assets					
Investment property	138,836,266	(14,444,864)	124,391,402	124,022,471	(368,931)
Property, plant and equipment	677,492,131	(53,424,900)	624,067,231	638,472,306	14,405,075
Heritage assets	1,484,269	-	1,484,269	1,484,269	-
Intangible assets	96,148	56,253	152,401	111,019	(41,382)
Non-current receivables	(6,297,809)	7,787,322	1,489,513	-	(1,489,513)
Total non current assets	811,611,005	(60,026,189)	751,584,816	764,090,065	12,505,248
TOTAL ASSETS	930,318,803	(64,326,280)	865,992,523	908,381,670	42,389,146
LIABILITIES					
Current liabilities					
Current portion of long-term liabilities	466,158	3,149,024	3,615,182	4,781,775	1,166,593
Consumer deposits	3,570,010	164,455	3,734,465	4,325,922	591,457
Trade and other payables from exchange transactions	414,489,890	(376,156,255)	38,333,635	330,673,407	292,339,772
Trade and other payables from non-exchange transactions	18,701,418	(2,487,199)	16,214,219	18,970,141	2,755,922
Employee Benefits	17,443,614	(634,804)	16,808,810	9,977,765	(6,831,045)
Total current liabilities	454,671,090	(375,964,780)	78,706,310	368,729,010	290,022,700
Non current liabilities					
Long-term Liabilities	704,302	20,919,895	21,624,197	148,271,639	126,647,442
Provisions	161,486,532	(65,991,777)	95,494,755	107,867,249	12,372,494
Long term portion of trade payables	-	425,461,152	425,461,152	-	(425,461,152)
Employee Benefits	-	23,130,600	23,130,600	27,407,000	4,276,400
Total non current liabilities	162,190,834	403,519,870	565,710,704	283,545,888	(282,164,816)
TOTAL LIABILITIES	616,861,924	27,555,090	644,417,014	652,274,898	7,857,884
NET ASSETS	313,456,879	(91,881,370)	221,575,509	256,106,772	34,531,263
COMMUNITY WEALTH					
Accumulated Surplus	313,226,802	(91,881,370)	221,345,432	256,106,772	34,761,340
Reserves	230,077	-	230,077	-	(230,077)
TOTAL COMMUNITY WEALTH/EQUITY	313,456,879	(91,881,370)	221,575,509	256,106,772	34,531,263

Refer to note 44.2 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

NAMA KHOI LOCAL MUNICIPALITY

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

	ORIGINAL APPROVED BUDGET R	ADJUSTMENTS R	FINAL APPROVED BUDGET R	VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Property Rates	57,427,711	(1,181)	57,426,530	-	57,426,530	50,991,845	(6,434,685)
Service charges - Electricity	149,047,037	(45,112,823)	103,934,214	-	103,934,214	119,398,348	15,464,134
Service Charges - Water Revenue	57,175,742	(2,000,000)	55,175,742	-	55,175,742	44,385,285	(10,790,457)
Service Charges - Sanitation Revenue	22,427,989	(2,000,000)	20,427,989	-	20,427,989	14,968,449	(5,459,540)
Service Charges - Refuse Revenue	26,639,689	(2,000,000)	24,639,689	-	24,639,689	17,168,608	(7,471,081)
Sale of Goods and Rendering of Services	791,655	2,947,206	3,738,861	-	3,738,861	-	(3,738,861)
Agency Services	399,827	(310,422)	89,405	-	89,405	100,021	10,616
Rent on Land	1,194,450	-	1,194,450	-	1,194,450	1,352,189	157,739
Rental of Facilities and Equipment	3,240,262	-	3,240,262	-	3,240,262	1,924,125	(1,316,137)
Interest Earned - External Investments	2,084,695	2,133,946	4,218,641	-	4,218,641	4,321,711	103,070
Interest Earned - Outstanding Debtors	19,529,080	5,915,488	25,444,568	-	25,444,568	27,451,383	2,006,815
Fines, Penalties and Forfeits	574,854	-	574,854	-	574,854	586,821	11,967
Licences and Permits	1,586,366	-	1,586,366	-	1,586,366	1,830,599	244,233
Transfers Recognised - Operational	69,179,000	817,355	69,996,355	-	69,996,355	68,852,204	(1,144,151)
Other Revenue	339,897	49,243	389,140	-	389,140	48,678,844	48,289,704
Gains	-	-	-	-	-	4,444,000	4,444,000
Total Revenue (excluding capital transfers)	411,638,254	(39,561,188)	372,077,066	-	372,077,066	406,454,433	34,377,367
EXPENDITURE							
Employee Related Costs	102,966,854	(8,163,765)	94,803,089	-	94,803,089	98,867,662	4,064,573
Remuneration of Councillors	6,758,975	543,069	7,302,044	-	7,302,044	7,340,041	37,997
Debt Impairment	21,985,649	1,214,351	23,200,000	-	23,200,000	39,222,085	16,022,085
Depreciation and Asset Impairment	81,663,419	(9,271,852)	72,391,567	-	72,391,567	37,219,581	(35,171,986)
Finance Charges	2,702,525	14,522,813	17,225,338	-	17,225,338	39,380,767	22,155,429
Bulk purchases - electricity	138,000,000	(18,000,000)	120,000,000	-	120,000,000	109,867,151	(10,132,849)
Inventory consumed	65,596,037	(14,500,037)	51,096,000	-	51,096,000	36,429,467	(14,666,533)
Contracted Services	42,469,709	(21,850,709)	20,619,000	-	20,619,000	20,579,915	(39,085)
Transfers and Grants	-	-	-	-	-	-	-
Other Expenditure	33,559,641	(6,662,785)	26,896,856	-	26,896,856	24,924,797	(1,972,059)
Losses	8,420,552	(4,999,999)	3,420,553	-	3,420,553	9,869,462	6,448,909
Total Expenditure	504,123,361	(67,168,914)	436,954,447	-	436,954,447	423,700,928	(13,253,519)
Surplus/(Deficit)	(92,485,107)	27,607,726	(64,877,381)	-	(64,877,381)	(17,246,495)	47,630,886
Transfers and subsidies - capital (monetary) - Government	36,599,000	(342,421)	36,256,579	-	36,256,579	12,543,440	(23,713,139)
Surplus/(Deficit) for the year	(55,886,107)	27,265,305	(28,620,802)	-	(28,620,802)	(4,703,055)	23,917,747

Refer to note 44.3 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

NAMA KHOI LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	61,477,224	(6,025,251)	55,451,973	41,806,098	(13,645,875)
Service charges	306,390,968	(137,810,948)	168,580,020	176,097,850	7,517,830
Other revenue	7,876,158	1,742,731	9,618,889	46,534,866	36,915,977
Transfers and Subsidies	50,627,976	54,807,603	105,435,579	84,887,137	(20,548,442)
Interest	2,084,695	2,133,945	4,218,640	4,321,711	103,071
Payments					
Suppliers and Employees	(389,100,063)	66,469,128	(322,630,935)	(440,401,240)	(117,770,305)
Finance Charges	(2,702,525)	(14,522,812)	(17,225,337)	(30,266,125)	(13,040,788)
Net Cash from/(used) Operating Activities	36,654,433	(33,205,604)	3,448,829	(117,019,702)	(120,468,532)
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-
Payments					
Capital Assets	(55,899,000)	8,222,826	(47,676,174)	(13,631,764)	34,044,410
Net Cash from/(used) Investing Activities	(55,899,000)	8,222,826	(47,676,174)	(13,631,764)	34,044,410
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	-	-	-	132,319,332	132,319,332
Increase/(Decrease) in Consumer Deposits	-	-	-	287,373	287,373
Payments					
Repayment of Borrowing	-	-	-	(4,505,298)	(4,505,298)
Net Cash from/(used) Financing Activities	-	-	-	128,101,408	128,101,407
NET INCREASE/(DECREASE) IN CASH HELD	(19,244,567)	(24,982,778)	(44,227,345)	(2,550,059)	41,677,285
Cash and Cash Equivalents at the year begin	46,770,344	-	46,770,344	46,770,344	-
Cash and Cash Equivalents at the year end	27,525,777	(24,982,777)	2,543,000	44,220,285	41,677,285

Refer to note 44.4 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

NAMA KHOI LOCAL MUNICIPALITY

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

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

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

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

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

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

1.02 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

AUDITED ANNUAL FINANCIAL STATEMENTS

1.03 GOING CONCERN ASSUMPTION

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

1.04 COMPARATIVE INFORMATION

1.04.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where 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.

1.04.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

NAMA KHOI LOCAL MUNICIPALITY

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

1.05 MATERIALITY

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

Standards of GRAP set out how material items should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.06 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.07 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.07.1 Effective dates determined

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date.

For financial periods commencing on or after 1 April 2023, the following pronouncements will be effective:

Pronouncement	Expected impact of the pronouncement
GRAP 25 - Employee Benefits (replacement of 2009 version)	The impact is considered insignificant
IGRAP 7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (replacement of 2010 version)	The impact is considered insignificant
IGRAP 21 - The Effect of Past Decisions on Materiality	The impact is considered insignificant
GRAP 1 amendments as a result of the changes agreed as part of the developing of the Guideline on The Application of Materiality to Financial Statements.	The impact is considered insignificant
Guideline - Accounting for Landfill Sites	The impact is considered insignificant

The Municipality further resolved not to early adopt the following Standards of GRAP which was issued but is not yet effective:

1.07.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

NAMA KHOI LOCAL MUNICIPALITY

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

The impact of the revised Standard may be significant on the financial statements, due to the following key changes to the Standard:

- (a) Changes in the classification of instruments for subsequent measurement – financial assets are measured at either amortised cost or fair value based on the reason why they are held and their economic characteristics. Specific liabilities are measured at fair value, and all others are measured at amortised cost.
- (b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As indicated in the name, expected losses estimate the expected default of financial assets over a period of time rather than only recognising an impairment loss when an event occurs.
- (c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are no longer in the scope of GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets*. When entering into these transactions there is an economic consequence that exposes an entity to risk. Accounting for them as financial instruments best captures this risk exposure.
- (d) With the changes in the classification of instruments and impairment approach, there is new information that GRAP 104 requires entities to disclose.

1.07.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.07.2.1 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

Preliminary investigations indicate that this revised Standard may have a significant impact with regards to heritage assets which have a dual purpose. Even though some heritage assets can have cultural significance while being used in delivering services, the revised Standard will now require that all heritage assets be accounted for using GRAP 103. A consequence of this amendment is that a heritage asset will no longer be depreciated. Instead, a heritage asset should be tested for impairment when an impairment indicator has been triggered.

NAMA KHOI LOCAL MUNICIPALITY

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

1.08 INVESTMENT PROPERTY

1.08.1 Initial Recognition

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

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for operation as intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for operation as intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

1.08.2 Subsequent Measurement – Cost Model

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

1.08.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for operation as intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

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

	YEARS
Land	N/A
Buildings	10 - 50

NAMA KHOI LOCAL MUNICIPALITY

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

1.08.4 Impairment

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

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

1.08.5 Derecognition

An investment property is derecognised 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.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.09 PROPERTY, PLANT AND EQUIPMENT

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

Items of property, plant and equipment are initially recognised 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 operation as intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality.

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, its deemed cost is the carrying amount of the asset(s) given up.

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.090.2 Subsequent Measurement - Cost Model

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

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

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

1.090.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for operation as intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

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

	YEARS		YEARS
Land and Buildings		Leased Assets	
Land	N/A	Furniture and Office Equipment	3 - 5
Buildings	5 - 60		
Work in progress	N/A	Community Assets	
		Community Facilities	10 - 60
Infrastructure		Sport and Recreational Facilities	10 - 60
Electrical	10 - 60	Work in progress	N/A
Roads	5 - 80		
Sanitation	10 - 60	Other Assets	
Solid Waste	5 - 80	Computer Equipment	3 - 10
Storm Water	5 - 80	Furniture and Office Equipment	5 - 15
Water Supply	5 - 80	Machinery and Equipment	2 - 15
Work in progress	N/A	Transport Assets	5 - 15

1.090.4 Impairment

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

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

1.090.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 INTANGIBLE ASSETS

1.1.1 Initial Recognition

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

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

NAMA KHOI LOCAL MUNICIPALITY

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

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality.

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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.1.2 Subsequent Measurement - Cost Model

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

1.1.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for operation as intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

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

	Years
Computer Software	2 - 5

1.1.4 Impairment

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

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.1.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11 HERITAGE ASSETS

1.11.1 Initial Recognition

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

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

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality.

Where a heritage 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.11.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.11.3 Depreciation

Heritage assets are not depreciated.

1.11.4 Impairment

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

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

1.11.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

NAMA KHOI LOCAL MUNICIPALITY

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

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets used with the objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating 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 asset.

1.12.1 Recoverable amount of Cash-generating assets

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 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.

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.

1.12.2 Recoverable amount of Non-cash-generating assets

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. 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.

1.12.3 Impairment loss

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 the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.12.4 Reversal of an impairment loss

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 the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

1.14 EMPLOYEE BENEFITS

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

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.14.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.14.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.14.3 Short-term Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- (a) Wages, salaries and social security contributions;
- (b) Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- (c) non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

NAMA KHOI LOCAL MUNICIPALITY

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

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service

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

1.14.3.1 Staff Leave

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

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

1.14.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.16 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.

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.16.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.16.2 Municipality as Lessor

1.16.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.16.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.17.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.17.3.2 Financial assets measured at cost

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

1.17.4 Derecognition of financial instruments

1.17.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.17.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.17.5 **Offsetting of financial instruments**

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

1.18 **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.18.1 **Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.18.2 **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 subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.18.3 **Impairment and uncollectability of statutory receivables**

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

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

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

1.18.4 **Derecognition**

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

NAMA KHOI LOCAL MUNICIPALITY

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

1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23 CONSUMER DEPOSITS

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

1.24 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

NAMA KHOI LOCAL MUNICIPALITY

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

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor 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.

1.25 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.25.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.25.1.1 Taxation Revenue

Taxation revenue comprises of property rates. 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.

1.25.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.25.1.3 Availability Charges

Availability charges are based on the approved tariffs of the Municipality. These charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.

1.25.1.4 Insurance Refund

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

1.25.1.5 Debt forgiveness and Unclaimed deposits

All debt owed arising from delict or contract, or any other liability and unclaimed amounts, deposited into the Municipality's bank account, are initially recognised as a liability until 36 months expire, whereafter it will be recognised as revenue. This policy is in line with the prescribed debt principle as enforced by the Prescription Act 68 of 1969.

Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

NAMA KHOI LOCAL MUNICIPALITY

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

1.25.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.25.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.25.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.25.2 **Revenue from Exchange Transactions**

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

1.25.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date 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.

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

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

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.

1.25.2.2 *Interest earned*

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.

NAMA KHOI LOCAL MUNICIPALITY

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

1.25.2.3 Rental income

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

1.25.2.4 Income from Agency Services

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

Income from 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.

1.25.2.5 Other Tariffs

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

1.25.2.6 Sale of goods

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

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

1.25.2.7 Deferred payment

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

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

1.26 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.27 UNAUTHORISED EXPENDITURE

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

1.28 IRREGULAR EXPENDITURE

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.29 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.30 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

1.31 CAPITAL COMMITMENTS

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

1.32 EVENTS AFTER REPORTING DATE

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

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

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

1.33 RELATED PARTIES

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

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

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

NAMA KHOI LOCAL MUNICIPALITY

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

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

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

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

1.34 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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

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

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

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

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

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

Where the Municipality acts as a principal, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

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

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.35 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

Management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.36.1 Application of Directive 7

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

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

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

1.36.2 Impairment of Receivables

The calculation in respect of the impairment of 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.

1.36.3 Impairment of Statutory Receivables

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.36.4 Useful lives and residual values

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

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.36.5 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.36.6 Post-Retirement and Long-term Benefits

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

1.36.7 Provisions and Contingent Liabilities

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

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to government bond rates for the applicable periods.

1.36.8 Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.36.9 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.36.10 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

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

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits or service potential on initial recognition of revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgement based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

1.36.11 Recognition and Derecognition of Land

In order for land to meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.36.12 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

1.36.13 Componentisation of Infrastructure assets

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

1.36.14 Provision for Staff leave

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

1.36.15 Provision for Performance bonuses

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

1.36.16 Pre-paid electricity estimation

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

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

<i>Figures in Rand</i>	2024	2023
2 CASH AND CASH EQUIVALENTS		
Bank Accounts	4,989,164	4,883,312
Investment Deposits	39,210,929	41,860,241
Cash Floats	20,193	26,792
Total	44,220,285	46,770,344
Due to the short-term nature of cash deposits, all above balances align with their fair values.		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Borrowings	14,995,106	17,725,653
Unspent Conditional Grants	18,970,141	15,478,648
Cash available for working capital requirements	10,255,038	13,566,044
Total Cash and Cash Equivalents	44,220,285	46,770,344
Bank Accounts		
Nedbank Limited - Account number 11-9237-1690 (Primary Bank Account)	4,989,164	4,883,312
Cash book balance at beginning of year	4,883,312	1,178,993
Cash book balance at end of year	4,989,164	4,883,312
Bank statement balance at beginning of year	4,869,444	1,449,158
Bank statement balance at end of year	4,989,164	4,869,444
Investment Deposits		
Call investment deposits consist out of the following accounts:		
Nedbank Limited - Call Deposit - Account Number 03/7881154713 (Library)	799,127	369,224
Nedbank Limited - Call Deposit - Account Number 03/7881154683 (FMG)	-	409,777
Nedbank Limited - Call Deposit - Account Number 03/7881154675 (Interest Earned)	5,508,377	24,782,554
Nedbank Limited - Call Deposit - Account Number 03/7881154780 (MIG)	11,856	4,645,810
Nedbank Limited - Call Deposit - Account Number 03/7881154667 (Housing)	1,466,222	2,147,884
Nedbank Limited - Call Deposit - Account Number 03/7881154659 (DME)	1,000	49,224
Nedbank Limited - Call Deposit - Account Number 03/7881154705 (NDM)	550,000	550,000
Nedbank Limited - Call Deposit - Account Number 03/7881154691 (MSIG)	975	975
Nedbank Limited - Call Deposit - Account Number 03/7881154721 (EPWP)	2,971	89,773
Nedbank Limited - Call Deposit - Account Number 03/7881154748 (ACIP)	15,162,400	7,767,579
Nedbank Limited - Call Deposit - Account Number 03/7881154756 (LGSETA)	228,580	228,580
Nedbank Limited - Call Deposit - Account Number 03/7881154764 (Drought relief)	514,296	818,860
Nedbank Limited - Call Deposit - Account Number 03/7881183101 (Car Allowance)	2,001	-
Nedbank Limited - Call Deposit - Account Number 03/7881183098 (Loan Allowance)	14,963,124	-
Total	39,210,929	41,860,241
The Nedbank call deposit account 03/7881154675 (Interest Earned) serve as security for the annuity loan as per note 12.1.		
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables	331,523,253	284,238,497
Electricity	104,311,079	96,685,780
Water	120,168,727	98,448,486
Refuse	58,463,507	48,582,351
Sewerage	28,427,996	23,023,839
Property Rentals	16,731,560	5,984,199
Other	3,420,383	11,513,842
Total Gross Balance	331,523,253	284,238,497
Less: Allowance for Debt Impairment	(284,146,005)	(254,325,009)
Total Net Receivable	47,377,248	29,913,489

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

2024

2023

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	254,325,009	214,949,762
Movement in the contribution to the provision	29,820,997	39,375,247
Balance at the end of the year	284,146,005	254,325,009

Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

30 June 2024	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
Service Receivables			
Electricity	104,311,079	(84,912,352)	19,398,727
Water	120,168,727	(107,028,704)	13,140,023
Refuse	58,463,507	(52,603,648)	5,859,859
Sewerage	28,427,996	(24,375,341)	4,052,655
Property Rentals	16,731,560	(5,410,651)	11,320,910
Other	3,420,383	(9,815,310)	(6,394,926)
Total	331,523,253	(284,146,005)	47,377,248

30 June 2023

Service Receivables			
Electricity	96,685,780	(86,403,260)	10,282,520
Water	98,448,486	(86,581,194)	11,867,292
Refuse	48,582,351	(45,076,051)	3,506,302
Sewerage	23,023,839	(20,760,971)	2,262,868
Property Rentals	5,984,199	(5,479,941)	504,257
Other	11,513,842	(10,023,592)	1,490,250
Total	284,238,497	(254,325,009)	29,913,489

Ageing of Receivables from Exchange Transactions

Electricity

Current (0 - 30 days)	9,187,603	6,484,783
Past Due (31 - 60 Days)	5,183,828	2,539,019
Past Due (61 - 90 Days)	2,330,078	1,764,123
Past Due (90 Days +)	87,966,566	85,897,855
Total	104,668,075	96,685,780

Water

Current (0 - 30 days)	5,613,253	3,894,715
Past Due (31 - 60 Days)	4,026,918	2,708,386
Past Due (61 - 90 Days)	2,772,473	2,057,227
Past Due (90 Days +)	108,122,722	89,788,158
Total	120,535,366	98,448,486

Refuse

Current (0 - 30 days)	2,000,890	1,793,050
Past Due (31 - 60 Days)	1,392,623	1,144,328
Past Due (61 - 90 Days)	1,088,420	875,918
Past Due (90 Days +)	54,099,465	44,769,055
Total	58,581,399	48,582,351

NAMA KHOI LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>	2024	2023
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Sewerage		
Current (0 - 30 days)	1,484,593	1,305,382
Past Due (31 - 60 Days)	890,252	759,874
Past Due (61 - 90 Days)	663,470	546,980
Past Due (90 Days +)	25,446,113	20,411,602
Total	28,484,428	23,023,839
Property Rentals		
Current (0 - 30 days)	297,756	148,337
Past Due (31 - 60 Days)	273,877	355,820
Past Due (61 - 90 Days)	173,338	115,146
Past Due (90 Days +)	15,986,589	5,364,896
Total	16,731,560	5,984,199
Other		
Current (0 - 30 days)	41,822	227,021
Past Due (31 - 60 Days)	17,862	150,035
Past Due (61 - 90 Days)	26,022	125,664
Past Due (90 Days +)	3,334,678	11,011,122
Total	3,420,383	11,513,842
Summary Ageing of all Receivables from Exchange Transactions		
Current (0 - 30 days)	18,625,918	13,853,288
Past Due (31 - 60 Days)	11,785,360	7,657,462
Past Due (61 - 90 Days)	7,053,801	5,485,059
Past Due (90 Days +)	294,956,132	257,242,689
Total	332,421,211	284,238,497
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Service Receivables	89,127,652	78,633,182
Property Rates	83,523,471	74,337,724
Availability Charges	5,604,181	4,295,458
Other Receivables	15,058,559	7,522,199
Unpaid Traffic Fines	4,780,228	4,468,094
Unauthorised, Irregular and Fruitless and Wasteful Expenditure	475,608	414,945
Sundry Receivables	1,986,643	1,979,243
Deposits	7,816,080	659,917
Total Gross Balance	104,186,211	86,155,381
Less: Allowance for Debt Impairment	(80,956,832)	(71,975,281)
Total Net Receivable	23,229,378	14,180,100
As previously reported		13,520,183
Correction of error restatement - note 40.3		659,917
Restated balance		14,180,100

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.

Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023	
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)			
Reconciliation of Allowance for Debt Impairment			
Balance at the beginning of the year	71,975,281	57,612,788	
Movement in the contribution to the provision	8,981,551	14,362,493	
Balance at the end of the year	80,956,832	71,975,281	
<p>Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.</p>			
	Gross Balance	Allowance for Debt	Net Receivable
	R	Impairment	R
		R	
30 June 2024			
Service Receivables			
Property Rates	83,523,471	(71,161,594)	12,361,877
Availability Charges	5,604,181	(5,096,705)	507,475
Other Receivables			
Unpaid Traffic Fines	4,780,228	(4,698,533)	81,695
Unauthorised, Irregular and Fruitless and Wasteful Expenditure	475,608	-	475,608
Sundry Receivables	1,986,643	-	1,986,643
Deposits	7,816,080	-	7,816,080
Total	104,186,211	(80,956,832)	23,229,378
30 June 2023			
Service Receivables			
Property Rates	74,337,724	(63,476,449)	10,861,275
Availability Charges	4,295,458	(4,204,332)	91,126
Other Receivables			
Unpaid Traffic Fines	4,468,094	(4,294,500)	173,594
Unauthorised, Irregular and Fruitless and Wasteful Expenditure	414,945	-	414,945
Sundry Receivables	1,979,243	-	1,979,243
Total	85,495,464	(71,975,281)	13,520,183
Ageing of Property Rates			
Current (0 - 30 days)		4,205,362	3,912,233
Past Due (31 - 60 Days)		2,432,548	1,996,404
Past Due (61 - 90 Days)		1,655,352	1,258,407
Past Due (90 Days +)		75,230,209	67,170,679
Total		83,523,471	74,337,724
Ageing of Availability Charges			
Current (0 - 30 days)		226,629	154,005
Past Due (31 - 60 Days)		147,195	123,888
Past Due (61 - 90 Days)		132,878	116,070
Past Due (90 Days +)		5,097,478	3,901,496
Total		5,604,181	4,295,458

NAMA KHOI LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>		2024	2023
5	TAXES		
	VAT Claimable/(Payable)	(1,449,083)	236,532
	VAT Input in Suspense	65,102,892	50,904,536
	VAT Output in Suspense	(37,914,724)	(24,064,565)
	Total	25,739,085	27,076,503
6	LONG-TERM RECEIVABLES		
	Receivables with repayment arrangements	4,853,296	6,172,550
	Less: Allowance for Debt Impairment	(4,853,296)	(6,172,550)
	Total Net Receivable	-	-
	Less: Current portion of Long-term Receivables	-	-
	Total	-	-
	Reconciliation of Allowance for Debt Impairment		
	Balance at the beginning of the year	6,172,550	5,767,570
	Movement in the contribution to the provision	(1,319,254)	404,980
	Balance at the end of the year	4,853,296	6,172,550
	Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.		
7	INVENTORY		
	Consumables	3,305,133	1,721,272
	Materials and Supplies	210,040	159,552
	Water	210,436	336,789
	Total	3,725,609	2,217,613
	Inventory are disclosed at the lower of cost or net realisable value.		
	The Municipality recognised only purification costs in respect of non-purchased purified water inventory.		
	No inventory were pledged as security for liabilities.		
	Inventory written down due to losses identified:		
	Materials and Consumables	1,773	(91,942)
	Water	9,724,196	8,383,163
	Total	9,725,969	8,291,221
	Inventory recognised as an expense during the year:		
	Consumables	10,868,328	7,743,739
	Materials and Supplies	248,403	237,883
	Water	25,312,737	34,675,658
	Total	36,429,467	42,657,281

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

<i>Figures in Rand</i>		2024	2023
8	INVESTMENT PROPERTY		
	Investment Property - Carrying Value	<u>124,022,471</u>	<u>124,391,401</u>
	The carrying value of Investment Property is reconciled as follows:		
	Opening Carrying Value	124,391,401	125,485,459
	Cost	134,247,685	134,967,366
	Accumulated Depreciation	(8,975,379)	(8,601,002)
	Accumulated Impairment	(880,904)	(880,904)
	Additions	-	-
	Disposals	-	(719,681)
	Cost	-	(719,681)
	Accumulated Depreciation	-	-
	Depreciation	(368,931)	(374,377)
	Impairment	-	-
	Closing Carrying Value	124,022,471	124,391,401
	Cost	134,247,685	134,247,685
	Accumulated Depreciation	(9,344,310)	(8,975,379)
	Accumulated Impairment	(880,904)	(880,904)
	Revenue derived from the rental of investment property	<u>1,352,189</u>	<u>1,266,863</u>

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

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

No significant operating expenditure was incurred on investment property during the 2022/23 and 2023/24 financial year.

9	PROPERTY, PLANT AND EQUIPMENT	Cost	Accumulated	Accumulated	Carrying
		R	Depreciation	Impairment	Value
30 June 2024					
	Land and Buildings	111,793,439	(29,147,251)	(225,689)	82,420,499
	Infrastructure	1,274,816,378	(761,645,227)	(7,532,897)	505,638,254
	Community Assets	127,736,545	(86,745,676)	(7,054,057)	33,936,813
	Other Assets	27,235,438	(11,456,047)	-	15,779,391
	Leased Assets	1,377,042	(679,692)	-	697,350
	Total	<u>1,542,958,842</u>	<u>(889,673,893)</u>	<u>(14,812,643)</u>	<u>638,472,306</u>
30 June 2023					
	Land and Buildings	111,793,439	(27,843,977)	(225,689)	83,723,772
	Infrastructure	1,260,938,560	(730,976,597)	(7,755,263)	522,206,700
	Community Assets	127,736,545	(84,170,966)	(7,054,057)	36,511,523
	Other Assets	24,901,236	(9,619,432)	-	15,281,804
	Leased Assets	1,377,042	(446,392)	-	930,650
	Total	<u>1,526,746,823</u>	<u>(853,057,364)</u>	<u>(15,035,009)</u>	<u>658,654,449</u>

NAMA KHOI LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>	2024	2023
9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
9.1 Repairs and Maintenance incurred on Property, Plant and Equipment	4,604,618	7,146,409
9.2 Work in Progress		
Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure		
Water Supply	10,380,069	10,186,622
Sanitation	18,140,039	7,594,519
Electricity	235,279	235,279
Total	28,755,387	18,016,420
The movements for the year can be reconciled as follows:		
Balance at beginning of year	18,016,421	13,398,088
Expenditure during the year	10,738,966	9,256,711
Assets unbundled during the year	-	(6,691,455)
Prior Year Correction		2,053,077
Balance at year-end	28,755,386	18,016,421
The Municipality did not identify any work in progress projects which are taking a significant longer period to complete.		
Refurbishment of Nababeep Waste Water Treatment Plant (Bid/NC062/02/2023/24):		
During the year the municipality halted the construction of the project due to non-performance by the contractor. The municipality is in the process of appointing a new contractor to continue the project and no impairment losses are recognised in relation to the project.		
Carrying value included in work in progress	1,452,570	1,047,590

NAMA KHOI LOCAL MUNICIPALITY

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

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.3 Reconciliation of Carrying Value

30 June 2024	Cost					Accumulated Depreciation and Impairment					Carrying Value R
	Opening Balance	Additions	Disposals	Contributed Assets	Closing Balance	Opening Balance	Depreciation and Impairment	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	111,793,439	-	-	-	111,793,439	28,069,666	1,303,274	-	-	29,372,940	82,420,499
Land	59,659,182	-	-	-	59,659,182	-	-	-	-	-	59,659,182
Buildings	52,134,257	-	-	-	52,134,257	28,069,666	1,303,274	-	-	29,372,940	22,761,317
Infrastructure	1,260,938,560	13,877,818	-	-	1,274,816,378	738,731,860	30,446,264	-	-	769,178,124	505,638,254
Electrical	311,908,045	-	-	-	311,908,045	155,603,227	8,492,424	-	-	164,095,651	147,812,393
Network and Communication	578,122	-	-	-	578,122	316,732	27,219	-	-	343,951	234,171
Roads	275,371,670	-	-	-	275,371,670	219,318,792	4,814,585	-	-	224,133,377	51,238,293
Sanitation	287,479,900	10,545,519	-	-	298,025,419	146,296,900	6,024,445	-	-	152,321,346	145,704,073
Solid Waste	80,127,709	3,138,852	-	-	83,266,561	58,047,242	4,105,319	-	-	62,152,561	21,114,001
Storm Water	74,831,017	-	-	-	74,831,017	22,748,024	2,191,746	-	-	24,939,770	49,891,248
Water Supply	230,642,097	193,447	-	-	230,835,544	136,400,942	4,790,527	-	-	141,191,468	89,644,075
Community Assets	127,736,545	-	-	-	127,736,545	91,225,022	2,574,711	-	-	93,799,733	33,936,813
Community Facilities	47,203,724	-	-	-	47,203,724	34,009,457	986,468	-	-	34,995,925	12,207,799
Sport and Recreational Facilities	80,532,821	-	-	-	80,532,821	57,215,565	1,588,242	-	-	58,803,808	21,729,014
Other Assets	24,901,236	2,892,798	(558,597)	-	27,235,438	9,619,432	2,251,719	-	(415,104)	11,456,047	15,779,391
AUDITED ANNUAL FINANCIAL STATEMENTS	2,303,065	148,373	(83,418)	-	2,368,019	1,076,827	253,710	-	(40,703)	1,289,834	1,078,185
Furniture and Office Equipment	2,551,210	94,490	(171,737)	-	2,473,963	1,298,320	199,034	-	(106,606)	1,390,748	1,083,215
Other Assets	1,391,029	112,934	(39,596)	-	1,464,366	1,000,907	81,790	-	(30,726)	1,051,970	412,397
Machinery and Equipment	908,217	7,958	(6,170)	-	910,005	440,794	100,472	-	(4,425)	536,841	373,164
Transport Assets	16,318,717	2,529,044	(257,675)	-	18,590,085	4,820,583	1,557,897	-	(232,644)	6,145,836	12,444,249
Specialised Vehicles	1,428,999	-	-	-	1,428,999	982,001	58,817	-	-	1,040,819	388,180
Leased Assets	1,377,042	-	-	-	1,377,042	446,392	233,300	-	-	679,692	697,350
Leased Office Equipment	1,377,042	-	-	-	1,377,042	446,392	233,300	-	-	679,692	697,350
Leased Vehicles & Accessories	-	-	-	-	-	-	-	-	-	-	-
	1,526,746,823	16,770,616	(558,597)	-	1,542,958,842	868,092,373	36,809,267	-	(415,104)	904,486,537	638,472,306
						658,654,450					

NAMA KHOI LOCAL MUNICIPALITY

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

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.3 Reconciliation of Carrying Value

30 June 2023	Cost					Accumulated Depreciation and Impairment					Carrying Value R
	Opening Balance	Additions	Disposals	Contributed Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	113,383,405	-	(1,589,966)	-	111,793,439	28,166,289	1,490,893	2,451	(1,589,966)	28,069,666	83,723,772
Land	59,659,182	-	-	-	59,659,182	-	-	-	-	-	59,659,182
Buildings	53,724,224	-	(1,589,966)	-	52,134,257	28,166,289	1,490,893	2,451	(1,589,966)	28,069,666	24,064,591
Infrastructure	1,248,940,214	11,998,346	-	-	1,260,938,560	707,214,551	31,446,313	70,996	-	738,731,860	522,206,700
Electrical	308,681,673	3,226,372	-	-	311,908,045	147,099,959	8,432,273	70,996	-	155,603,227	156,304,817
Network and Communication	578,122	-	-	-	578,122	277,156	39,576	-	-	316,732	261,390
Roads	275,371,670	-	-	-	275,371,670	214,819,298	4,499,494	-	-	219,318,792	56,052,877
Sanitation	284,424,293	3,055,607	-	-	287,479,900	139,765,152	6,531,749	-	-	146,296,900	141,183,000
Solid Waste	77,386,074	2,741,635	-	-	80,127,709	52,003,281	6,043,961	-	-	58,047,242	22,080,467
Storm Water	74,831,017	-	-	-	74,831,017	21,499,065	1,248,959	-	-	22,748,024	52,082,993
Water Supply	227,667,364	2,974,733	-	-	230,642,097	131,750,640	4,650,302	-	-	136,400,942	94,241,155
Community Assets	128,000,685	-	(264,140)	-	127,736,545	87,803,028	3,337,291	348,843	(264,140)	91,225,022	36,511,523
Community Facilities	47,244,600	-	(40,876)	-	47,203,724	32,875,151	1,163,328	11,854	(40,876)	34,009,457	13,194,267
Sport and Recreational Facilities	80,756,085	-	(223,264)	-	80,532,821	54,927,877	2,173,963	336,989	(223,264)	57,215,565	23,317,256
Other Assets	17,739,002	6,572,781	(1,660,546)	2,250,000	24,901,236	9,202,753	2,076,532	-	(1,659,854)	9,619,432	15,281,804
Computer Equipment	2,516,140	104,391	(317,466)	-	2,303,065	1,061,711	332,582	-	(317,466)	1,076,827	1,226,238
Furniture and Office Equipment	2,638,326	38,380	(125,496)	-	2,551,210	1,164,153	259,663	-	(125,496)	1,298,320	1,252,890
Other Assets	1,528,007	-	(136,978)	-	1,391,029	1,026,614	111,270	-	(136,978)	1,000,907	390,122
Machinery and Equipment	840,716	104,488	(36,987)	-	908,217	348,321	128,767	-	(36,295)	440,794	467,423
Transport Assets	8,720,814	6,325,522	(977,620)	2,250,000	16,318,717	4,626,808	1,171,395	-	(977,620)	4,820,583	11,498,134
Specialised Vehicles	1,494,999	-	(66,000)	-	1,428,999	975,146	72,855	-	(66,000)	982,001	446,998
Leased Assets	1,377,042	-	-	-	1,377,042	135,892	310,500	-	-	446,392	930,650
Leased Office Equipment	1,377,042	-	-	-	1,377,042	135,892	310,500	-	-	446,392	930,650
Leased Vehicles & Accessories	-	-	-	-	-	-	-	-	-	-	-
	1,509,440,348	18,571,127	(3,514,652)	2,250,000	1,526,746,823	832,522,514	38,661,529	422,290	(3,513,960)	868,092,373	658,654,449

NAMA KHOI LOCAL MUNICIPALITY

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

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10 INTANGIBLE ASSETS

Intangible Assets - Carrying Value	111,018	152,401
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The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value	152,401	96,148
Cost	524,896	446,946
Accumulated Amortisation	(372,495)	(350,798)
Accumulated Impairment	-	-
Additions	-	77,950
Amortisation	(41,382)	(21,697)
Closing Carrying Value	111,019	152,401
Cost	524,896	524,896
Accumulated Amortisation	(413,877)	(372,495)
Accumulated Impairment	-	-

No intangible asset were assessed having an indefinite useful life.

All

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

11 HERITAGE ASSETS

Heritage Assets - Carrying Value	1,484,269	1,484,269
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The carrying value of Heritage Assets are reconciled as follows:

Opening Carrying Value	1,484,269	1,484,269
Cost	1,484,269	1,484,269
Accumulated Impairment	-	-
Movement	-	-
Closing Carrying Value	1,484,269	1,484,269
Cost	1,484,269	1,484,269
Accumulated Impairment	-	-

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

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
12 LONG-TERM LIABILITIES		
Annuity Loans	20,480,359	24,508,454
Finance Lease Liabilities	253,723	730,924
Municipal Debt Relief	132,319,332	-
Sub-Total	153,053,414	25,239,378
Less: Current portion of Long-term Liabilities	(4,781,775)	(4,505,297)
Annuity Loans	(4,528,052)	(4,028,096)
Finance Lease Liabilities	(253,723)	(477,201)
Total	148,271,639	20,734,081
Long-term Liabilities were utilised as follow:		
Total Long-term Liabilities taken up	20,734,081	25,239,378
Used to finance Property, Plant and Equipment at cost	(5,738,975)	(7,513,725)
Unspent Borrowings	14,995,106	17,725,653

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

12.1 Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
Nedbank (12042023)	11.30%	2028/05/01	20,480,359	24,508,454

The following serve as security for annuity loans:

- Investment Deposit as per note 2	5,000,000	5,000,000
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Annuity loans are payable as follows:

Payable within one year	6,608,350	6,608,350
Payable within two to five years	18,723,660	25,332,010
Payable after five years	-	-
Total amount payable	25,332,010	31,940,360
Less: Outstanding Future Finance Charges	(4,851,651)	(7,431,906)
Present value of annuity loans	20,480,359	24,508,454

12.2 Finance Lease Liabilities

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
Nashua Ltd (000055 MAJ)	8.25%	2024/12/31	253,722	730,924

Finance Lease Liabilities are payable as follows:

Payable within one year	259,863	519,726
Payable within two to five years	-	259,863
Payable after five years	-	-
Total amount payable	259,863	779,589
Less: Outstanding Future Finance Charges	(6,140)	(48,665)
Present value of finance lease liabilities	253,723	730,924

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

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12.3 Municipal Debt Relief

The Municipality was approved for the Eskom debt relief program in terms of MFMA Circular 124, effective 1 July 2023. Under this program, the arrears balance owed on 30 March 2023 (R 209 717 044) would be transferred to a suspense service agreement with permanent interest suppression.

13 CONSUMER DEPOSITS

Electricity	1,757,085	1,644,742
Water	2,555,930	2,381,134
Library Books	12,908	12,673
Total	4,325,922	4,038,549

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

The fair value of consumer deposits approximates their carrying value. No interest is paid on these amounts.

14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	263,013,572	452,499,778
Retentions	2,164,070	1,572,712
Unused Pre-paid Electricity	869,745	994,900
Other Payables	1,204,456	2,338,151
Unknown Receipts	6,263,124	5,494,908
Municipal Debt Relief	57,158,440	-
Total	330,673,407	462,900,448

The carrying value of trade and other payables approximates its fair value. Payables are recognised net of any discounts received.

The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

15 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	15,496,139	12,531,746
Provincial Government	3,474,002	2,946,902
Total	18,970,141	15,478,648
As previously reported		16,442,660
Correction of error restatement - note 41.2		(964,012)
Restated balance		15,478,648

Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent of grant conditions not met. No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

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

NAMA KHOI LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>	2024	2023
16 CURRENT EMPLOYEE BENEFITS		
Bonuses	1,729,178	2,007,854
Staff Leave	5,472,820	7,440,702
Shortfall in Cape Joint Pension Fund	713,766	679,410
Current portion of Non-Current Employee Benefits - note 17	2,062,000	1,654,000
Post Retirement Medical Benefits	930,000	901,000
Long Service Awards	1,132,000	753,000
Total	9,977,765	11,781,966

The movement in current employee benefits are reconciled as follows:

16.1 Bonuses		
Opening Balance	2,007,853	2,018,502
Contribution during the year	4,292,130	4,985,599
Payments made	(4,570,805)	(4,996,248)
Balance at the end of the year	1,729,178	2,007,853

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

16.2 Staff Leave		
Opening Balance	7,440,702	7,420,111
Contribution during the year	107,540	1,664,270
Payments made	(2,075,422)	(1,643,679)
Balance at the end of the year	5,472,821	7,440,702

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

16.3 Shortfall in Cape Joint Pension Fund		
Opening Balance	679,410	645,148
Contribution during the year	34,356	34,262
Balance at the end of the year	713,766	679,410

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

17 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	22,774,000	23,706,000
Long Service Awards	6,695,000	6,926,000
Sub-Total	29,469,000	30,632,000
Less: Current portion of Employee Benefits - note 16	2,062,000	1,654,000
Post Retirement Medical Benefits	930,000	901,000
Long Service Awards	1,132,000	753,000
Total	27,407,000	28,978,000

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

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17 EMPLOYEE BENEFITS (CONTINUED)

17.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	23,706,000	23,779,000
Contribution during the year	3,718,000	3,579,000
Current Service Cost	814,000	813,000
Interest Cost	2,904,000	2,766,000
Payments made	(901,000)	(804,282)
Actuarial Loss/(Gain)	(3,749,000)	(2,847,718)
Total balance at year-end	22,774,000	23,706,000
Less: Current portion	(930,000)	(901,000)
Total	21,844,000	22,805,000

Actuarial (Gain)/Loss for the period consists of:

Actuarial gains arising from financial assumptions		
Increase in the net discount rate	(459,000)	(3,427,000)
Actuarial gain arising from demographic assumptions		
Change in in-service non-member assumed medical aid option	-	753,000
Actuarial (gain)/loss arising Experience		
Subsidy inflationary increases higher/(lower) than assumed	338,000	(199,000)
Changes to membership profile different from assumed	(3,628,000)	25,282
Total actuarial (gain) / loss	(3,749,000)	(2,847,718)

There are no curtailments or settlements to reflect.

The service cost is equal to the current service cost of the obligation as there are no past service costs or settlement gains/losses to consider.

With no plan asset in place, there is no interest revenue, and thus the net interest is equal to the interest cost of the obligation.

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	74	84
In-service non-members	111	124
Continuation members	15	18
Total	200	226

Post-employment medical aid subsidy policy

Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 70% subsidy.

Upon a member's death-in-service, surviving dependants are not entitled to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Notable benefit plan risks faced by the Municipality

Inflation - The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

Longevity - The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

Volatility of open-ended, long-term defined benefit obligations - The risk that the obligation may be volatile which is exacerbated by its long-term nature.

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

Future changes in legislation - The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the obligation for the Municipality.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

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17 EMPLOYEE BENEFITS (CONTINUED)

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2024	10,495,000	2,245,000	10,034,000	22,774,000
30 June 2023	10,948,000	2,231,000	10,527,000	23,706,000
30 June 2022	12,059,000	1,788,000	9,932,000	23,779,000
30 June 2021	12,196,000	1,686,000	5,962,000	19,844,000
30 June 2020	16,132,000	-	6,613,000	22,745,000

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2024	(3,290,000)	-
30 June 2023	(208,000)	-
30 June 2022	1,262,000	-
30 June 2021	(2,813,000)	-
30 June 2020	1,965,000	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas	Samwumed
LA Health	Keyhealth

Actuarial Assumptions used are as follows:

Financial Assumptions:

Discount rate	12.25%	12.48%
CPI inflation rate	6.22%	6.59%
Health care cost inflation rate	7.72%	8.09%
Net discount rate	4.21%	4.06%

Demographic Assumptions:

i) Post-employment Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age, and a 1% annual compound mortality improvement from 2010. This means that 1% fewer people are expected to die next year. The SA 85-90 table is used for in-service employees.

ii) Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

iii) Continuation of Membership

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

The last valuation was performed on 14 August 2024.

The Projected Unit Credit Method has been used to value the liabilities.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

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17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (R)	Continuation members (R)	Total liability (R)	% change
Liability	12,740,000	10,034,000	22,774,000	
Health care inflation rate (+ 1%)	15,140,000	10,994,000	26,134,000	15%
Health care inflation rate (- 1%)	10,799,000	9,205,000	20,004,000	-12%
Discount rate (+ 1%)	10,886,000	9,243,000	20,129,000	-12%
Discount rate (- 1%)	15,055,000	10,962,000	26,017,000	14%
Post-employment mortality (+ 1 year)	12,427,000	9,734,000	22,161,000	-3%
Post-employment mortality (- 1 year)	13,048,000	10,334,000	23,382,000	3%
Average retirement age (- 1 year)	14,088,000	10,034,000	24,122,000	6%
Membership continuation (- 10%)	11,042,000	10,034,000	21,076,000	-7%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2024/25	747,000	2,734,000	3,481,000	
Health care inflation rate (+ 1%)	907,000	3,146,000	4,053,000	16%
Health care inflation rate (- 1%)	621,000	2,395,000	3,016,000	-13%
Discount rate (+ 1%)	633,000	2,607,000	3,240,000	-7%
Discount rate (- 1%)	893,000	2,876,000	3,769,000	8%
Post-employment mortality (+ 1 year)	730,000	2,660,000	3,390,000	-3%
Post-employment mortality (- 1 year)	765,000	2,809,000	3,574,000	3%
Average retirement age (- 1 year)	745,000	2,896,000	3,641,000	5%
Membership continuation (- 10%)	647,000	2,527,000	3,174,000	-9%

Maturity analysis

The table below illustrates the maturity analysis of the obligation (undiscounted expected benefit payments) for the next 80 years.

Future year	Expected Benefit Payments (Rm)	Future year	Expected Benefit Payments (Rm)	Future year	Expected Benefit Payments (Rm)
1	1.311	6 to 10	16.409	31 to 40	264.015
2	1.656	11 to 15	28.952	41 to 50	274.598
3	1.825	16 to 20	48.572	51 to 60	190.894
4	2.069	21 to 25	76.669	61 to 70	75.865
5	2.333	26 to 30	103.263	71 to 80	13.396

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	6,926,000	8,005,000
Contribution during the year	1,217,000	1,319,000
Current Service Cost	501,000	560,000
Interest Cost	716,000	759,000
Payments made	(753,000)	(650,049)
Actuarial Loss/(Gain)	(695,000)	(1,747,951)
Total balance at year-end	6,695,000	6,926,000
Less: Current portion	(1,132,000)	(753,000)
Total	5,563,000	6,173,000

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
17 EMPLOYEE BENEFITS (CONTINUED)		
Actuarial (Gain)/Loss for the period consists of:		
Actuarial gains arising from financial assumptions		
Increase in the net discount rate	(70,000)	(437,000)
Actuarial gain arising from demographic assumptions		
None	-	-
Actuarial (gain)/loss arising Experience		
Earnings increases higher than assumed	21,000	(42,000)
Changes to membership profile different from assumed	(646,000)	(1,268,951)
Total actuarial (gain) / loss	(695,000)	(1,747,951)
There are no curtailments or settlements to reflect.		
The service cost is equal to the current service cost of the obligation as there are no past service costs or settlement gains/losses to consider.		
With no plan asset in place, there is no interest revenue, and thus the net interest is equal to the interest cost of the obligation.		
The Long Service Awards plans are defined benefit plans.		
Number of employees that are eligible for Long Service Awards	185	208
Long service award policy		
The Municipality offers employees long service awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.		
The employees' costs to company are used to determine the Rand value of leave day awards, whereas cash awards are based on basic salaries.		
The Municipality does not pay any pro-rata LSA.		
Notable benefit plan risks faced by the Municipality		
Inflation - The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.		
Termination of service - The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.		
Volatility of open-ended, long-term defined benefit obligations - The risk that the obligation may be volatile which is exacerbated by its long-term nature.		
Enforcement of eligibility criteria and rules - The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.		
Future changes in legislation - The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the obligation for the Municipality.		
The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:		Unfunded Liability
		R
30 June 2024		6,695,000
30 June 2023		6,926,000
30 June 2022		8,005,000
30 June 2021		7,783,000
30 June 2020		7,409,000
The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.		
Experience adjustments were calculated as follows:	Liabilities	Assets
	(Gain) / Loss	Gain / (Loss)
	R	R
30 June 2024	(625,000)	-
30 June 2023	(248,000)	-
30 June 2022	(94,000)	-
30 June 2021	(666,562)	-
30 June 2020	102,000	-

NAMA KHOI LOCAL MUNICIPALITY

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

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17 EMPLOYEE BENEFITS (CONTINUED)

Actuarial Assumptions used are as follows:

Financial Assumptions:

Discount rate	10.68%	10.92%
CPI Inflation rate	4.91%	5.39%
General Salary Inflation (long-term)	5.91%	6.39%
Net discount rate	4.51%	4.26%

Demographic Assumptions:

i) Promotional Earnings Scale

The annual escalation rates below are in addition to the general earnings inflation assumption of 5.91% per annum for all employees.

Age band	Additional promotional scale
20 - 24	5.0%
25 - 29	4.0%
30 - 34	3.0%
35 - 39	2.0%
40 - 44	1.0%
45+	0.0%

ii) Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

iii) Mortality During Employment

SA85-90 ultimate table, adjusted for female lives.

iii) Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's obligation to that employee ceases. The assumed annual rates are set out below.

Age band	Rate	Age band	Rate
20 - 24	9.0%	40 - 44	5.0%
25 - 29	8.0%	45 - 49	4.0%
30 - 34	6.0%	50 - 54	3.0%
35 - 39	5.0%	45+	0.0%

Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the long service award benefit obligation.

The last valuation was performed on 14 August 2024.

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	6,695,000	7,014,000	5%
General earnings inflation rate (- 1%)	6,695,000	6,399,000	-4%
Discount rate (+ 1%)	6,695,000	6,387,000	-5%
Discount rate (- 1%)	6,695,000	7,033,000	5%
Average retirement age (+ 2 years)	6,695,000	7,477,000	12%
Average retirement age (- 2 years)	6,695,000	5,989,000	-11%
Withdrawal rates (x 2)	6,695,000	5,738,000	-14%
Withdrawal rates (x 0.5)	6,695,000	7,301,000	9%

NAMA KHOI LOCAL MUNICIPALITY

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

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17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service		Total (R)	% Change
	Cost (R)	Interest Cost (R)		
Estimated for 2024/25	466,000	656,000	1,122,000	
General earnings inflation rate (+ 1%)	495,000	690,000	1,185,000	6%
General earnings inflation rate (- 1%)	439,000	625,000	1,064,000	-5%
Discount rate (+ 1%)	442,000	682,000	1,124,000	0%
Discount rate (- 1%)	492,000	627,000	1,119,000	0%
Average retirement age (+ 2 years)	515,000	740,000	1,255,000	12%
Average retirement age (- 2 years)	422,000	581,000	1,003,000	-11%
Withdrawal rates (x 2)	371,000	555,000	926,000	-17%
Withdrawal rates (x 0.5)	530,000	721,000	1,251,000	11%

Maturity analysis

The table below illustrates the maturity analysis of the long service obligation (undiscounted expected benefit payments) for the next 40 years.

Future year	Expected Benefit Payments (Rm)	Future year	Expected Benefit Payments (Rm)
1	1.132	6 to 10	5.947
2	0.846	11 to 15	4.792
3	0.891	16 to 20	3.957
4	1.657	21 to 30	2.875
5	1.218	31 to 40	0.140

17.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	43,308	41,089
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund is in a sound financial position with a funding level of 106.9% (30 June 2022 - 104.5%).		
Consolidated Retirement Fund (Former Cape Retirement Fund)	6,115,396	3,930,040
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2022 - 100.4%).		
Total	6,158,704	3,971,129

Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

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

NAMA KHOI LOCAL MUNICIPALITY

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

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17 EMPLOYEE BENEFITS (CONTINUED)

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

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

Sanlam Umbrella Fund	1,037,696	692,238
SAMWU National Provident Fund	6,943,572	4,946,683
Total	7,981,268	5,638,920

The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

18 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	107,867,249	95,613,755
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	95,613,755	85,174,980
Contribution during the year	12,253,494	10,438,775
Increase/(Decrease) in estimate	3,138,852	2,741,635
Interest Cost	9,114,642	7,697,140
Total	107,867,249	95,613,755

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life.

The future obligations for rehabilitating the landfill sites have been calculated using a discount rate of 8.63% to 12.22% (2023 - 9.17% to 12.34%) which is based on the South African Government Bond yield for the relevant period.

19 PROPERTY RATES

Business and Commercial Property	12,279,788	12,130,897
Farm Properties	480,479	479,907
Industrial Property	2,263,686	2,263,194
Mining Properties	746,850	736,576
Residential Properties	32,905,392	32,766,137
State-owned Properties	5,202,107	5,699,206
Other	-	258,020
Total Revenue	53,878,303	54,333,937
Less: Rebates	(2,886,457)	(2,885,792)
Total	50,991,845	51,448,145

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

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19 PROPERTY RATES (CONTINUED)

Property rate levied are based on the following rateable valuations:

Business and Commercial Property	484,531,000	484,531,000
Industrial Property	119,343,000	119,343,000
Mining Properties	52,381,000	52,381,000
Public benefit organisations	86,702,000	86,702,000
Public Service Infrastructure Properties	94,561,000	94,561,000
Residential Properties	2,080,378,000	2,080,378,000
State-owned Properties	115,050,500	115,050,500
Agricultural Property	700,901,500	700,901,500
Multiple purposes	6,435,000	6,435,000
Total Valuation	3,740,283,000	3,740,283,000

Rate that is applicable to the valuations above:

Residential	0.01617 c/R	0.01617 c/R
Commercial and Industrial	0.02226 c/R	0.02226 c/R
Agricultural	0.00070 c/R	0.00070 c/R
Mining	0.02797 c/R	0.02797 c/R

The last valuation came into effect on 1 July 2019. Valuations on land and buildings are performed every five years, but due to numerous challenges with the latest valuations, the municipality requested the MEC for Local Government to extend the validity period to six years. The new General Valuation Roll will be implemented on 1 July 2024.

Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act. A further discount of 10% was granted to all indigents and 20% for qualifying pensioners.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

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

20 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

63,411,304	58,610,000
63,411,304	58,610,000

Conditional Grants - National Government

Finance Management Grant (FMG)
Municipal Infrastructure Grant (MIG)
Expanded Public Works Programme (EPWP)
Integrated National Electrification Programme (INEP)
Water Service Infrastructure Grant (WSIG)

16,746,440	14,686,189
3,100,000	3,100,184
10,260,144	6,259,190
1,103,000	1,143,617
-	1,950,776
2,283,296	2,232,421

Conditional Grants - Provincial Government

Libraries, Archives and Museums
Department of Water Affairs - WSACDBP
LG SETA
Department Sport, Arts and Culture
Swimming Pool
World Cup 2010
Municipal Disaster Recovery Grant
Fire Equipment
Housing

1,237,900	1,344,343
1,237,900	1,314,303
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	30,040

Conditional Grants - Other Grant Providers

Wade Project

-	-
-	-

Total

81,395,644	74,640,532
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NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
Disclosed as:		
Government Grants and Subsidies - Operating	68,852,204	64,198,145
Government Grants and Subsidies - Capital	12,543,440	10,442,387
Total	81,395,644	74,640,532
Grants per Vote (MFMA Sec 123 (c)):		
Equitable Share	-	58,610,000
Vote 1 - Executive Mayor And Council (10: IE)	-	-
Vote 2 - Municipal Manager (11: IE)	1,103,000	1,143,617
Vote 3 - Corporate Services (13: IE)	-	-
Vote 4 - Financial Services (15: IE)	50,658,304	3,100,184
Vote 5 - Community Services: Comm Dev (16: IE)	1,237,900	1,344,343
Vote 6 - Community Services: Pubsafety (17: IE)	-	-
Vote 7 - Infrastructure, Eng And Technical (18: IE)	28,396,440	10,442,387
Vote 8 - Executive Mayor And Council (20: CS)	-	-
Vote 9 - Municipal Manager (21: CS)	-	-
Vote 10 - Corporate Services (23: CS)	-	-
Vote 11 - Community Services: Comm Dev (26: CS)	-	-
Vote 12 - Infrastructure, Eng And Technical (28: CS)	-	-
Total	81,395,644	74,640,532
The movements per grant can be summarised as follows:		
20.01 Equitable Share		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	63,411,304	58,610,000
Transferred to Revenue - Operating	(63,411,304)	(58,610,000)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
20.02 Finance Management Grant (FMG)		
Opening Unspent Balance	-	184
Grants Received / (Repaid)	3,100,000	3,100,000
Transferred to Revenue - Operating	(3,100,000)	(3,100,184)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-
The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.		
20.03 Municipal Infrastructure Grant (MIG)		
Opening Unspent Balance	4,645,673	11,187,804
Grants Received / (Repaid)	5,626,327	(282,941)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(10,260,144)	(6,259,190)
Closing Unspent Balance	11,856	4,645,673
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		

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<i>Figures in Rand</i>	2024	2023
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.04 Expanded Public Works Programme (EPWP)		
Opening Unspent Balance	69,270	887
Grants Received / (Repaid)	1,033,730	1,212,000
Transferred to Revenue - Operating	(1,103,000)	(1,143,617)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	69,270
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
20.05 Integrated National Electrification Programme (INEP)		
Opening Unspent Balance	49,224	1,780,000
Grants Received / (Repaid)	(49,224)	220,000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(1,950,776)
Closing Unspent Balance	-	49,224
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
20.06 Water Service Infrastructure Grant (WSIG)		
Opening Unspent Balance	7,767,579	2,013,059
Grants Received / (Repaid)	10,000,000	7,986,941
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(2,283,296)	(2,232,421)
Closing Unspent Balance	15,484,283	7,767,579
The grant was used for water infrastructure projects.		
20.07 Libraries, Archives and Museums		
Opening Unspent Balance	185,697	-
Grants Received / (Repaid)	1,565,000	1,500,000
Transferred to Revenue - Operating	(1,237,900)	(1,314,303)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	512,797	185,697
The grant was used to finance library activities.		
20.08 Department of Water Affairs - WSACDBP		
Opening Unspent Balance	-	510,747
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
As previously reported	-	510,747
Correction of error restatement - note 41.4	-	(510,747)
Closing Unspent Balance	-	-
The grant was allocated for the refurbishment of water infrastructure.		
20.09 LG SETA		
Opening Unspent Balance	228,576	228,576
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	228,576	228,576
The grant was allocated for skills development.		

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

Figures in Rand	2024	2023
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.10 Department Sport, Arts and Culture		
Opening Unspent Balance	-	308,500
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
As previously reported	-	308,500
Correction of error restatement - note 41.4	-	(308,500)
Closing Unspent Balance	-	-
The grant was received for the building and maintenance of sport fields in the district.		
20.11 Swimming Pool		
Opening Unspent Balance	450,000	450,000
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
As previously reported	450,000	450,000
Correction of error restatement - note 41.4	-	-
Closing Unspent Balance	450,000	450,000
The grant was received for the building of a swimming pool in the district.		
20.12 World Cup 2010		
Opening Unspent Balance	-	52,139
Grants Received / (Repaid)	-	-
Transferred to Revenue - Capital	-	-
As previously reported	-	52,139
Correction of error restatement - note 41.4	-	(52,139)
Closing Unspent Balance	-	-
The grant was allocated for activities of the 2010 Soccer World Cup.		
20.13 Municipal Disaster Recovery Grant		
Opening Unspent Balance	817,356	817,356
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	817,356	817,356
The grant was used for water infrastructure projects.		
20.14 Fire Equipment		
Opening Unspent Balance	-	52,264
Grants Received / (Repaid)	-	-
Transferred to Revenue - Capital	-	-
As previously reported	-	52,264
Correction of error restatement - note 41.4	-	(52,264)
Closing Unspent Balance	-	-
The grant was allocated for the maintenance and upgrade of fire equipment in the area of the municipality.		
20.15 Housing		
Opening Unspent Balance	1,265,273	1,095,313
Grants Received / (Repaid)	200,000	200,000
Transferred to Revenue - Operating	-	(30,040)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	1,465,273	1,265,273
The grant was used for emergency housing and establishment of housing accreditation office.		

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.16 Wade Project		
Opening Unspent Balance	-	40,362
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	40,362
The grant was used for water infrastructure projects in the Buffelsriver.		
20.17 Total Grants		
Opening Unspent Balance	15,478,647	18,537,191
Grants Received / (Repaid)	84,887,137	72,546,000
Transferred to Revenue - Operating	(68,852,204)	(64,198,145)
Transferred to Revenue - Capital	(12,543,440)	(10,442,387)
As previously reported	18,970,141	16,442,659
Correction of error restatement - note 41.4	-	(964,012)
Closing Unspent Balance	18,970,141	15,478,647
21 CONTRIBUTED ASSETS		
Property, Plant and Equipment	-	2,250,000
Total	-	2,250,000
The municipality did not received any contributed assets during the financial year.		
22 AVAILABILITY CHARGES		
Electricity	873,526	513,532
Water	234,463	452,791
Sewerage and Sanitation	193,440	205,114
Total	1,301,429	1,171,436
Availability charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.		
23 LICENCES AND PERMITS		
Trading	113,618	21,579
Road and Transport	1,716,980	1,144,373
Total	1,830,599	1,165,952
24 ACTUARIAL GAINS		
Post Retirement Medical Benefits	3,749,000	2,847,718
Long Service Awards	695,000	1,747,951
Total	4,444,000	4,595,670
25 DEBT WAIVED		
Debt Waived	44,475,975	-
Total	44,475,975	-
The interest to be reversed on "new" arrears as from 1 April 2023 until 31 August 2023 amounts to R8 115 491.78.		
Waive of a third of the Municipal Debt Relief is calculated at R36 360 484.22 at 10.16% discount rate.		

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
26 SERVICE CHARGES		
Electricity	123,094,506	109,024,630
Water	52,177,103	49,271,692
Refuse Removal	26,073,128	24,661,249
Sewerage and Sanitation	21,835,296	20,567,585
Total Revenue	223,180,033	203,525,157
Less: Rebates	(28,560,771)	(30,557,847)
Electricity	(4,569,684)	(8,770,347)
Water	(8,026,282)	(6,854,998)
Refuse Removal	(8,904,519)	(8,387,764)
Sewerage and Sanitation	(7,060,286)	(6,544,738)
Total	194,619,262	172,967,310
Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
27 RENTAL OF FACILITIES AND EQUIPMENT		
Halls	30,002	181,003
Grazing Fees	1,352,189	1,266,863
Mines	205,050	771,950
Buildings	1,689,073	1,732,085
Total	3,276,313	3,951,902
28 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank Accounts	454,300	484,020
Investment Deposits	3,867,411	2,229,625
Total	4,321,711	2,713,645
29 AGENCY SERVICES		
Drivers Licences	100,021	166,111
Motor Vehicle Registration	-	122,218
Total	100,021	288,330
The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission. Refer to note 52.1 for additional disclosure in this regard.		
The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.		
30 OTHER INCOME		
Administrative Handling Fees	1,490,079	3,258,058
Building Plan Approval	430,880	414,143
Camping Fees	15,652	31,304
Cemetery and Burial	37,587	47,667
Commission	38,099	64,121
Membership Fees	55,347	55,609
Parking Fees	8,023	18,382
Scrap, Waste Other Goods	1,432,994	-
Staff Recoveries	370,606	142,540
Sub-division and Consolidation Fees	35,478	20,205
Valuation Services	50,729	56,797
Sundry Income	237,395	20,465
Total	4,202,869	4,129,291

NAMA KHOI LOCAL MUNICIPALITY

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

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31 EMPLOYEE RELATED COSTS	2024	2023
Basic Salaries and Wages	61,619,443	62,458,131
Pension and UIF Contributions	9,158,342	9,304,792
Medical Aid Contributions	2,884,544	3,069,833
Overtime	8,834,109	7,257,346
Motor Vehicle Allowances	2,131,326	3,846,989
Cell Phone Allowances	230,129	250,257
Housing Allowances	896,554	938,438
Bonuses	4,292,130	5,029,316
Staff Leave	107,540	1,598,181
Long Service Awards	551,532	560,000
Post Retirement Medical Benefits	814,000	813,000
Other benefits and allowances	3,728,014	3,989,899
Acting Allowances	564,630	1,038,536
Bargaining Council Levy	36,906	33,707
Group Life Insurance	1,761	2,497
Standby Allowances	2,810,408	2,832,432
Transport Cost	34,308	66,851
Scarcity Allowance	196,778	15,877
Other Allowances	83,222	-
Total	95,247,662	99,116,182

Remuneration of Management Personnel

Key management personnel are all appointed on a permanent basis, except for the Municipal Manager who is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract periods.

Municipal Manager - Mr J Swarts

Annual Remuneration	1,017,671	736,563
Benefits and Allowances	395,656	123,734
Contributions to UIF, Medical and Pension Funds	2,125	1,594
Total	1,415,452	861,891

Chief Financial Officer - Mr HE Cloete

Annual Remuneration	497,976	542,260
Benefits and Allowances	727,741	517,055
Contributions to UIF, Medical and Pension Funds	2,125	2,125
Total	1,227,842	1,061,441

Head : Corporate Services - Mr DC Magerman

Annual Remuneration	-	563,259
Acting Allowance (Acting Municipal Manager)	-	122,676
Benefits and Allowances	-	586,771
Contributions to UIF, Medical and Pension Funds	-	2,125
Total	-	1,274,831

Employees acting in management positions

The following employees acted in management positions during the course of the year. The amounts as indicated below are the acting allowances and additional benefits received for the period in which they acted in the respective positions.

Employee	Acting Position	2024	2023
H Fielding	Head: Community Services	78,895	71,377
I Smith	Head: Technical Services	-	57,961
Q Titus	Head: Technical Services	35,567	57,961
Total		114,462	187,299

NAMA KHOI LOCAL MUNICIPALITY

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

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32 REMUNERATION OF COUNCILLORS

JE van den Heever	433,075	400,907
R Kritzinger	808,859	750,149
ZP De Jongh	386,025	321,403
WS Jordaan	444,795	411,799
GJ Coetzee	347,529	321,403
SJ Cloete	347,529	321,403
GMS Bock	999,673	927,485
C Visser	444,795	411,799
MR Baadjies	347,529	321,403
RF Adams	347,529	321,403
AM Julie	347,529	321,403
JFM Otto	347,529	321,403
RSJ Claasen	347,529	321,403
S Cloete	347,529	321,403
JC Losper	347,529	321,403
KA Polori	347,529	321,403
WC Britz	347,529	321,403
Total	7,340,041	6,758,975

	Basic Salary	Motor Vehicle Allowance	Cell Phone Allowance	Medical and Pension Contributions	Total
2024					
Executive Mayor	791,956	164,518	43,200	-	999,674
Speaker	729,565	36,094	43,200	-	808,859
Executive Committee	650,752	152,438	86,400	-	889,590
Section 79 Committee Chairpers	370,370	19,505	43,200	-	433,075
Other Councillors	3,264,211	426,233	518,400	-	4,208,844
Total	5,806,854	798,788	734,400	-	7,340,042
2023					
Executive Mayor	886,685	-	40,800	-	927,485
Speaker	709,349	-	40,800	-	750,149
Executive Committee	285,085	75,022	40,800	-	400,907
Section 79 Committee Chairpers	625,248	116,750	81,600	-	823,598
Other Councillors	3,156,784	210,452	489,600	-	3,856,836
Total	5,663,151	402,224	693,600	-	6,758,975

In-kind Benefits

The Executive Mayor, Speaker and certain members Executive Committee members serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
33 DEBT IMPAIRMENT		
Receivables from Exchange Transactions	29,820,997	39,375,247
Receivables from Non-Exchange Transactions	8,981,551	14,362,493
Long-term Receivables	(1,319,254)	404,980
VAT Component of Debt Impairment	1,738,791	(5,615,448)
Total	39,222,085	48,527,272
34 DEPRECIATION, AMORTISATION AND IMPAIRMENT		
Depreciation and Amortisation	37,219,580	39,057,603
Property, Plant and Equipment	36,809,267	38,661,529
Intangible Assets	41,382	21,697
Investment Property	368,931	374,377
Impairment	-	422,290
Property, Plant and Equipment	-	422,290
Investment Property	-	-
Total	37,219,580	39,479,894
As previously reported		38,847,546
Correction of error restatement - note 41.1		632,348
Restated balance		39,479,894
35 FINANCE CHARGES		
Cash	30,266,125	11,058,248
Long-term Liabilities	2,622,780	690,036
Overdue Accounts	27,643,345	10,368,213
Non-cash	12,734,642	11,222,140
Post Retirement Medical Benefits	2,904,000	2,766,000
Long Service Awards	716,000	759,000
Rehabilitation of Landfill Sites	9,114,642	7,697,140
Total	43,000,767	22,280,388
36 BULK PURCHASES		
Electricity	109,867,151	101,918,231
Total	109,867,151	101,918,231
As previously reported		102,578,148
Correction of error restatement - note 41.3		(659,917)
Restated balance		101,918,231
Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom.		

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
37 OTHER EXPENDITURE		
Accounting and Auditing	3,105,410	3,556,328
Advertising, Publicity and Marketing	536,098	561,713
Arbitration Fees	-	243,625
Assets less than the Capitalisation Threshold	5,484	30,731
Audit Committee	68,624	127,420
Bank Charges, Facility and Card Fees	592,732	527,240
Building Contractors	143,952	62,199
Business and Financial Management	676,142	197,152
Catering Services	217,923	411,710
Clearing and Grass Cutting Services	97,000	-
Commission - Prepaid Electricity	1,015,049	1,305,843
Communication	1,699,002	2,327,494
Contractors Equipment	3,717,123	2,031,816
Contractors Other Assets	86,865	464,243
Electrical	6,441,233	4,184,661
Eskom Connection Fees	107,668	166,501
External Audit Fees	3,843,179	3,774,504
External Computer Service	6,878,924	3,767,069
External Personnel and Labour	1,938,879	1,215,254
Hire Charges	1,674,916	8,619,348
Indigent Relief	536,013	(361)
Infrastructure and Planning	45,219	168,738
Insurance	2,960,425	2,219,823
Laboratory Services	365,232	275,363
Legal Cost	2,383,835	979,750
Medical Health Services	3,450	7,842
Pest Control and Fumigation	7,600	-
Printing, Publications and Books	1,489,488	1,646,533
Professional Bodies, Membership and Subscription	1,785,529	2,110,848
Registration Fees	348,420	145,066
Road Worthy Test	409,187	634,110
Security Services	712,598	478,682
Travel and Subsistence	669,061	962,744
Uniform and Protective Clothing	40,523	85,956
Valuer and Assessors	673,430	485,594
Ward Committees	228,500	387,000
Total	45,504,712	44,162,539
38 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS		
Proceeds	-	-
Less: Carrying value of Investment Property disposed	-	(719,681)
Less: Carrying value of Property, Plant and Equipment disposed	(143,493)	(692)
Less: Carrying value of Intangible Assets	-	-
Total	(143,493)	(720,373)
As previously reported		(781,728)
Correction of error restatement - note 41.1		61,354
Restated balance		(720,373)
39 INVENTORY CONSUMED		
Consumables	10,868,328	7,743,739
Materials and Supplies	248,403	237,883
Water	25,312,737	34,675,658
Total	36,429,467	42,657,281

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
40 INVENTORY WRITE OFF		
Materials and Consumables	1,773	(91,942)
Water	9,724,196	8,383,163
Total	9,725,969	8,291,221
41 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR		
41.1 Investment Property and Property, Plant and Equipment		
The following errors were noted:		
The official assets register did not agree to the financial records. Accordingly, prior year error restatement is required in order for the asset register to agree to the financial records.		
The net effect of the above-mentioned errors were as follows:		
- Property, Plant and Equipment - note 9	Understated	8,989,713
- Depreciation, Amortisation and Impairment - note 34	Understated	632,348
- Loss on disposal of Non-Monetary Assets note 38	Overstated	(61,354)
- Accumulated Surplus - note 41.4	Understated	9,560,581
41.2 Unspent Conditional Government Grants		
Government grants with unspent balances in previous years have been corrected due to having inactive Call Accounts.		
The net effect of the above-mentioned errors were as follows:		
- Unspent Conditional Government Grants - note 15	Understated	964,012
41.3 Receivables from Non-Exchange Transactions		
Correction of ESKOM Security Deposit not accounted for.		
The net effect of the above-mentioned errors were as follows:		
- Accumulated Surplus	Overstated	(659,917)
41.4 Accumulated Surplus		
Investment Property and Property, Plant and Equipment - note 41.1	Understated	9,560,581
Unspent Conditional Government Grants - note 15	Understated	964,012
Total		10,524,593

NAMA KHOI LOCAL MUNICIPALITY

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

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42	NET CASH FROM/(USED) OPERATING ACTIVITIES	2024	2023
	Net Deficit for the year	(4,703,054)	(71,671,597)
	Adjusted for:		
	Non-cash revenue included in Net Surplus	(4,444,000)	(6,845,670)
	Actuarial Gains	(4,444,000)	(4,595,670)
	Contributed Assets	-	(2,250,000)
	Non-cash expenditure included in Net Surplus	95,068,826	108,006,801
	Employee Related Costs - Contributions towards	5,749,027	8,057,131
	Post Retirement Medical Benefits	814,000	813,000
	Long Service Awards	501,000	560,000
	Bonuses	4,292,130	4,985,599
	Staff Leave	107,540	1,664,270
	Shortfall in Cape Joint Pension Fund	34,356	34,262
	Debt Impairment	39,222,085	48,527,264
	Depreciation, Amortisation and Impairment	37,219,580	39,479,894
	Finance Charges	12,734,642	11,222,140
	Post Retirement Medical Benefits	2,904,000	2,766,000
	Long Service Awards	716,000	759,000
	Provision for Rehabilitation of Landfill-sites	9,114,642	7,697,140
	Actuarial Losses	-	-
	Loss on disposal of Non-Monetary Assets	143,493	720,373
	Cash expenditure not included in Net Surplus	(8,300,227)	(8,094,257)
	Post Retirement Medical Benefits	(901,000)	(804,282)
	Long Service Awards	(753,000)	(650,049)
	Bonuses	(4,570,805)	(4,996,248)
	Staff Leave	(2,075,422)	(1,643,679)
	Operating Surplus before changes in working capital	77,621,545	21,395,277
	Movement in working capital	(194,353,874)	(9,623,189)
	Receivables	(65,735,122)	(48,153,368)
	Inventory	(1,507,995)	48,088
	Consumer Deposits	287,373	164,455
	Payables from exchange transactions	(132,227,041)	49,320,302
	Unspent Conditional Government Grants	3,491,493	(2,094,532)
	Taxes	1,337,418	(8,908,135)
	Cash Flow from Operating Activities	(116,732,329)	11,772,088

43 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	4,989,164	4,883,312
Call and Notice Deposits	39,210,929	41,860,241
Cash Floats	20,193	26,792
Total	44,220,285	46,770,344

Refer to note 2 for more details relating to cash and cash equivalents.

NAMA KHOI LOCAL MUNICIPALITY

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

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44 BUDGET COMPARISONS

44.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of Financial Position

The Statement of Financial Position is presented on a comparable basis in all material aspects.

Statement of Financial Performance

The following actual results were reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA and National Treasury (NT) classifications and principles:

	Actuals per Statement of Financial Performance R	Reclassification due mSCOA vs GRAP classification R	Actuals per Budget Comparison R
REVENUE			
Property Rates	50,991,845	-	50,991,845
Service Charges - Electricity Revenue	119,398,348	-	119,398,348
Service Charges	118,524,822		
Availability Charges	873,526		
Service Charges - Water Revenue	44,385,285	-	44,385,285
Service Charges	44,150,822		
Availability Charges	234,463		
Service Charges - Sanitation Revenue	14,968,449	-	14,968,449
Service Charges	14,775,010		
Availability Charges	193,440		
Service Charges - Refuse Revenue	17,168,608	-	17,168,608
Rent on land	-	1,352,189	1,352,189
Rental of Facilities and Equipment	3,276,313	(1,352,189)	1,924,125
Interest Earned - External Investments	4,321,711	-	4,321,711
Interest Earned - Outstanding Debtors	27,451,383	-	27,451,383
Fines	586,821	-	586,821
Licences and Permits	1,830,599	-	1,830,599
Agency Services	100,021	-	100,021
Transfers Recognised - Operational	68,852,204	-	68,852,204
Other Revenue	4,202,869	-	48,678,844
Gains	4,444,000	-	4,444,000
Actuarial Gains	4,444,000		
Total Revenue (excluding capital transfers)	361,978,458	-	406,454,433

NAMA KHOI LOCAL MUNICIPALITY

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

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44 BUDGET COMPARISONS (CONTINUED)

	Actuals per Statement of Financial Performance R	Reclassification due mSCOA vs GRAP classification R	Actuals per Budget Comparison R
EXPENDITURE			
Employee Related Costs	95,247,662	3,620,000	98,867,662
Remuneration of Councillors	7,340,041	-	7,340,041
Debt Impairment	39,222,085	-	39,222,085
Depreciation and Asset Impairment	37,219,581	-	37,219,581
Finance Charges	43,000,767	(3,620,000)	39,380,767
Bulk purchases	109,867,151	-	109,867,151
Inventory consumed	36,429,467	-	36,429,467
Contracted Services	-	20,579,915	20,579,915
Other Expenditure	45,504,712	(20,579,915)	24,924,797
Losses	9,869,462	-	9,869,462
Loss on disposal of Non-Monetary Assets	143,493		
Inventory Write Off	9,725,969		
Total Expenditure	423,700,927	-	423,700,928
Surplus/(Deficit)	(61,722,469)	-	(17,246,495)
Transfers and subsidies - capital (monetary) - Government	12,543,441	-	12,543,441
Transfers and subsidies - capital (monetary) - Other	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-
Surplus/(Deficit) for the year	(49,179,029)	-	(4,703,054)

The items reclassified can be summarised as follow:

Item	GRAP Classification	Budget Classification	Amount
Grazing Fees	Rentals of Facilities and Equipment	Rent on Land	1,352,189
Post Retirement Medical Benefits	Finance Charges	Employee Related Costs	2,904,000
Long Service Awards	Finance Charges	Employee Related Costs	716,000
Catering Services	Other Expenditure	Contracted Services	217,923
Audit Committee	Other Expenditure	Contracted Services	68,624
External Personnel and Labour	Other Expenditure	Contracted Services	1,938,879
Electrical	Other Expenditure	Contracted Services	6,441,233
Legal Cost	Other Expenditure	Contracted Services	2,383,835
Infrastructure and Planning	Other Expenditure	Contracted Services	45,219
Medical Health Services	Other Expenditure	Contracted Services	3,450
Valuer and Assessors	Other Expenditure	Contracted Services	673,430
Contractors Equipment	Other Expenditure	Contracted Services	3,717,123
Accounting and Auditing	Other Expenditure	Contracted Services	3,105,410
Building Contractors	Other Expenditure	Contracted Services	143,952
Contractors Other Assets	Other Expenditure	Contracted Services	86,865
Security Services	Other Expenditure	Contracted Services	712,598
Laboratory Services	Other Expenditure	Contracted Services	365,232
Business and Financial Management	Other Expenditure	Contracted Services	676,142

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis in all material aspects.

NAMA KHOI LOCAL MUNICIPALITY

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

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44 BUDGET COMPARISONS (CONTINUED)

44.2 Statement of Financial Position

Actual Amounts vs Final Budget

Cash and cash equivalents	Improvement in cash management, internal controls and an overall reduction of non-priority spending.
Receivables from exchange transactions	Improvement in the overall collection rate due to stringent credit control and debt collection procedures.
Other current assets	The balance includes the VAT portion of the provision for debt impairment. If the Taxes balance is included, the variance is immaterial.
Trade and other payables & Long term portion of trade payables	The municipality moved creditors to long-term liabilities based on the Eskom Debt Relief Programme and the National Dispute with the Water Board, but neither of the creditors deferred any portion of the outstanding balances on 30 June 2024. Overall improvement in creditor management and timeous payment of ESKOM accounts.
Employee Benefits	The variance is due to the split between current and non-current portions of Employee benefits. When the balances are netted-off, the remaining variance is immaterial.
Long-term Liabilities	The loan repayment amounts were not sufficiently considered during the budget compilation process.
Provisions	Increase in the estimated costs to rehabilitate Landfill sites at the end of its useful life.
Accumulated Surplus	The net results of the above exceeded expectations.

44.3 Statement of Financial Performance

Actual Amounts vs Final Budget

Property Rates	Under collection is based on the complaints from the community that the rates tariff are too high and unaffordable.
Service charges - Electricity	Municipality perform better on the adjusted figures, this is result of the Revenue Enhancement Programme.
Service Charges - Water Revenue	Municipality is struggling to collect revenue from water, especially in ESKOM towns where credit control in terms of disconnections cannot be implemented.
Service Charges - Sanitation Revenue	Variances is based on the fact that only portions of the service is pre-paid.
Service Charges - Refuse Revenue	Municipality is struggling to collect revenue, especially in ESKOM towns where credit control in terms of disconnections cannot be implemented.

Virements

All virement were done in line with the approved virement policy of the Municipality where funds are transferred from one line item to another within a specific vote. No material virements were made.

NAMA KHOI LOCAL MUNICIPALITY

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

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44 BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Gains	Municipality did not bargain for gains to be receive.
Debt Impairment	The municipality tried to keep debt impairment to the very limit based on a higher collection rate as the collection rated dipped the debt impairment increased.
Depreciation and Asset Impairment	The budget for the depreciation of landfill sites was excessive.
Finance Charges	The municipality cannot determine the interest it will need to pay as it varies.
Inventory consumed	Inventory consumed is based on the cash flow of the municipality and it will decline as collection rate of cash decline.
Losses	The municipality tried to keep debt impairment to the very limit based on a higher collection rate as the collection rated dipped the debt impairment increased
Transfers and subsidies - capital (monetary) - Government	Grant funding received less than expected.

44.4 Cash Flow Statement

Actual Amounts vs Final Budget

Property rates, penalties & collection charges	Undercollection is based on the complaints from the community that the rates tariff are too high and unaffordable.
Service charges	Municipality perform better on the adjusted figures, this is result of the Revenue Enhancement Programme.
Transfers and Subsidies	Grant funding received less than expected.
Suppliers and Employees	Improvement in expenditure management, internal controls, and an overall reduction of non-priority spending.
Capital Assets	Grant funding received less than expected.
Repayment of Borrowing	The loan repayment amounts were not sufficiently considered during the budget compilation process.

NAMA KHOI LOCAL MUNICIPALITY

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

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45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

45.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	455,965,439	461,024,630
Unauthorised expenditure current year - operating	24,501,367	62,800,071
Unauthorised expenditure current year - capital	-	-
Approved by Council	-	(67,859,262)
Unauthorised expenditure awaiting further action	480,466,806	455,965,439

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2024 (Actual) R	2024 (Final Budget) R	2024 (Unauthorised) R	2023 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Executive Mayor And Council (10: le)	10,935,525	9,408,044	1,527,481	-
Vote 2 - Municipal Manager (11: le)	12,569,284	6,550,795	6,018,489	-
Vote 3 - Corporate Services (13: le)	28,487,820	36,859,506	-	-
Vote 4 - Financial Services (15: le)	65,385,380	51,382,559	14,002,821	62,800,071
Vote 5 - Community Services: Comm Dev (16: le)	29,565,550	58,505,314	-	-
Vote 6 - Community Services: Publsafety (17: le)	9,427,196	9,870,633	-	-
Vote 7 - Infrastructure,Eng And Technical (18: le)	267,330,171	264,377,596	2,952,575	-
Total	423,700,928	436,954,447	24,501,367	62,800,071

	2024 (Actual) R	2024 (Final Budget) R	2024 (Unauthorised) R	2023 (Unauthorised) R
Unauthorised expenditure - Capital				
Vote 8 - Executive Mayor And Council (20: Cs)	-	6,000,000	-	-
Vote 9 - Municipal Manager (21: Cs)	-	550,000	-	-
Vote 10 - Corporate Services (23: Cs)	-	-	-	-
Vote 11 - Community Services: Comm Dev (26: Cs)	-	-	-	-
Vote 12 - Infrastructure,Eng And Technical (28: Cs)	10,838,721	41,943,934	-	-
Total	10,838,721	48,493,934	-	-

45.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	55,998,101	52,148,121
Fruitless and wasteful expenditure incurred - prior years	-	-
Fruitless and wasteful expenditure incurred - current year	11,487,776	12,475,563
Recovered from Employees	-	-
Approved by Council	(5,052,262)	(8,625,583)
Fruitless and wasteful expenditure awaiting further action	62,433,616	55,998,101

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
Details of fruitless and wasteful expenditure incurred		
(a) Creditors interest paid prior to 1 July	55,998,102	43,529,360
(b) SA Post Office interest paid		19,272
(c) MH Office machines interest paid		-
(d) Eskom penalties and interest paid	6,317,427	12,375,468
(e) Telkom interest paid	17,365	-
(f) Namaqua Gas interest paid	384	710
(g) Auditor General interest paid	3,546	23,180
(h) Compensation Fund		-
(i) ABSA Card Services	3,468	14,177
(j) TGIS	266	608
(k) Driver's Licence Card interest	3,549	-
(l) ABCO	5,052,456	-
(m) LA retirement Fund	89,314	-
(n) Cape Joint Retirement fund		34,262
(o) Cape Retirement Fund		1,064
Total	67,485,877	55,998,102

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred due to the fact that no criminal offence occurred.

45.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	261,776,564	285,277,434
Correction of prior period	109,279,430	(33,865,273)
Restated balance	371,055,994	251,412,161
Irregular expenditure incurred - current year	3,030,210	17,340,619
Approved by Council	(7,532,594)	(6,976,216)
Irregular expenditure awaiting further action	366,553,610	261,776,564

Details of irregular expenditure incurred

(a) Deviations from SCM regulations - 3 quotations not obtained	-	1,419,104
(b) Deviations from SCM regulations	3,030,210	15,921,515
Total	3,030,210	17,340,619

Details of irregular expenditure awaiting further action:

(a) Deviations from SCM regulations - 3 quotations not obtained	1,929,572	635,381
(b) Deviations from SCM regulations	9,729,022	9,729,022
(c) Irregular expenditure prior to 1 July	354,895,016	251,412,162
Total	366,553,610	261,776,564

Irregular expenditure has historically been a significant challenge in the Nama Khoi Municipality. Management has therefore implemented various procedures to not only prevent non-compliance leading to Irregular expenditure proactively but also to address the significant backlogs.

As part of these processes, the municipality re-assessed prior year payments to identify additional non-compliance, based on prior year audit findings. This has resulted in a significant increase in instances of Irregular expenditure compared to balances previously reported.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
46 MATERIAL LOSSES		
46.1 Water distribution losses		
Kilo litres disinfected/purified/purchased	2,073,593	2,070,183
Kilo litres sold and free basic services	1,641,022	1,667,340
	<hr/>	<hr/>
Kilo litres lost during distribution	432,571	402,843
Percentage lost during distribution	20.86%	19.46%
Distribution loss (Rand Value)	9,724,196	8,383,163
Water losses can mainly be ascribed to a combination of major pipe bursts, field leakages and ageing meter infrastructure.		
46.2 Electricity distribution losses		
Units purchased (Kwh)	57,778,379	54,746,458
Units sold, free basic services and standard friction losses	45,296,442	44,278,652
	<hr/>	<hr/>
Units lost during distribution (Kwh)	12,481,937	10,467,806
Percentage lost during distribution	21.60%	19.12%
Distribution loss (Rand Value)	17,645,711	11,339,861
Electricity losses are due to electricity theft on pre-paid meters and illegal connections.		
47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
47.1 SALGA Contributions [MFMA 125 (1)(b)]		
Opening balance	463,046	235,401
Expenditure incurred	1,163,096	1,077,645
Payments - current year	(750,000)	(614,599)
Payments - previous year	(500,000)	(235,401)
	<hr/>	<hr/>
Payments in advance	376,142	463,046
	<hr/> <hr/>	<hr/> <hr/>
47.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	5,801,868	6,769,250
Expenditure incurred	3,280,090	3,901,924
External Audit - Auditor-General	3,211,466	3,774,504
Audit Committee	68,624	127,420
	<hr/>	<hr/>
Payments - current year	-	-
Payments - previous year	(2,950,754)	(4,869,306)
	<hr/>	<hr/>
Outstanding Balance	6,131,204	5,801,868
	<hr/> <hr/>	<hr/> <hr/>
47.3 VAT [MFMA 125 (1)(c)]		
Opening balance	210,285	(490,816)
Net amount claimed / (declared) during the year	(2,361,860)	3,780,926
Net amount paid / (received) during the year	1,160,842	(3,079,825)
	<hr/>	<hr/>
Outstanding Balance	(990,734)	210,285
	<hr/> <hr/>	<hr/> <hr/>
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.		

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
47.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Opening balance	(569)	-
Payroll deductions and Council Contributions during the year	(16,336,713)	(16,708,292)
Payments	15,073,608	16,707,722
Outstanding Balance	(1,263,674)	(569)
47.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]		
Opening balance	-	-
Payroll deductions and Council Contributions during the year	(19,633,262)	(21,029,806)
Payments made to pension and medical fund	18,110,624	21,029,806
Outstanding Balance	(1,522,638)	-
47.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 June:		
WS Jordaan (Wonick)	-	97,041
Total	-	97,041
47.7 Deviations from Supply Chain Management Regulations		
Deviations from Supply Chain Management Regulations were identified on the following categories:		
Section 36(1)(a)(i) - Emergencies	406,972	112,111
Section 36(1)(a)(ii) - Single provider	-	-
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	568,555	4,229,023
Total	975,527	4,341,134
All the deviations were ratified by the Municipal Manager and reported to Council.		
48 CAPITAL COMMITMENTS		
Approved and contracted for	4,917,323	8,541,455
Infrastructure	4,917,323	8,541,455
This expenditure will be financed from:		
Government Grants	4,917,323	8,541,455
Total	4,917,323	8,541,455
Capital Commitments are disclosed inclusive of Value Added Tax (VAT).		

NAMA KHOI LOCAL MUNICIPALITY

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

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49 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

49.1 Credit Risk

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

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	44,200,093	46,743,553
Receivables from exchange transactions	47,377,248	29,913,489
Receivables from non-exchange transactions	507,475	91,126
Long-term Receivables	-	-
Total	92,084,816	76,748,168

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

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

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due.

Refer to note 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 6 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are past due, but not impaired:

Electricity	10,568,120	3,797,737
Water	7,893,409	7,972,576
Refuse	3,976,860	1,713,251
Sewerage	2,624,494	957,486
Property Rentals	-	355,921
Other	(6,436,749)	1,263,230
Availability Charges	280,847	-
Total	18,906,981	16,060,200

NAMA KHOI LOCAL MUNICIPALITY

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

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49 FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Currency risk (Market Risk)

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

The financial instruments of the Municipality is not directly exposed to any currency risk.

49.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	44,200,093	46,743,553
Long-term Liabilities (including current portion)	(20,480,359)	(24,508,454)
Net balance exposed	23,719,734	22,235,099

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2023 - 0.5%) increase in interest rates	118,599	111,175
0.5% (2023 - 0.5%) decrease in interest rates	(118,599)	(111,175)

49.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2024				
Annuity Loans	6,608,350	18,723,660	-	25,332,010
Finance Lease Liabilities	259,863	-	-	259,863
Payables from exchange transactions	266,382,098	-	-	266,382,098
Total	273,250,311	18,723,660	-	291,973,971
30 JUNE 2023				
Annuity Loans	6,608,350	25,332,010	-	31,940,360
Finance Lease Liabilities	519,726	259,863	-	779,589
Payables from exchange transactions	456,410,640	-	-	456,410,640
Total	463,538,717	25,591,873	-	489,130,590

49.5 Other price risk (Market Risk)

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

The Municipality is not exposed to any other price risk.

NAMA KHOI LOCAL MUNICIPALITY

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

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50 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	44,200,093	46,743,553
Bank Accounts	4,989,164	4,883,312
Investment Deposits	39,210,929	41,860,241
Receivables from Exchange Transactions	47,377,248	29,913,489
Electricity	19,398,727	10,282,520
Water	13,140,023	11,867,292
Refuse	5,859,859	3,506,302
Sewerage	4,052,655	2,262,868
Property Rentals	11,320,910	504,257
Other	(6,394,926)	1,490,250
Receivables from Non-Exchange Transactions	507,475	91,126
Availability Charges	507,475	91,126
Long-term Receivables	-	-
Receivables with repayment arrangements	-	-
Total	92,084,816	76,748,168

Financial Liabilities

Payables from exchange transactions	266,382,098	456,410,640
Trade Payables	263,013,572	452,499,778
Retentions	2,164,070	1,572,712
Other Payables	1,204,456	2,338,151
Long-term Liabilities	20,734,081	25,239,378
Annuity Loans	20,480,359	24,508,454
Finance Lease Liabilities	253,723	730,924
Total	287,116,179	481,650,018

51 STATUTORY RECEIVABLES

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

Receivables from Non-Exchange Transactions	12,443,572	11,034,868
Rates	12,361,877	10,861,275
Fines	81,695	173,594
Taxes - VAT Claimable from SARS	-	236,532
Total	12,443,572	11,271,400

The amounts above are disclosed after any provision for impairment has been taken into account.

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 19 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 4 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

Taxes (Value Added Tax) are raised in terms of the Value Added Tax Act. No interest is paid by the South African Revenue Service on outstanding VAT claims.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
51 STATUTORY RECEIVABLES (CONTINUED)		
Refer to note 4 for determining the recoverability of property rates and traffic fines.		
Property Rates		
- Past due at the reporting date, and which have been impaired	71,161,594	63,476,449
- Past due that have not been impaired	<u>8,156,515</u>	<u>6,949,042</u>
52 PRINCIPAL-AGENT ARRANGEMENTS		
The Municipality has assessed that the following significant principal-agent arrangements exists:		
52.1 Principal in other Principal-Agent Arrangements (non-material)		
Nama Khoi Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.		
The following information is disclosed in aggregate:		
Compensation paid for agency activities:		
Commission - Prepaid Electricity - note 37	<u>1,015,049</u>	<u>1,247,326</u>
There are no resources under the custodianship of the agents, nor have they been recognised as such.		
52.2 Agent in arrangement with Provincial Department of Transport		
Nama Khoi Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.		
Compensation received for agency activities:		
Agency Services - note 29	<u>100,021</u>	<u>288,330</u>
Nama Khoi municipality was paid a commission fee by Provincial Department of Transport for acting as an agent on its behalf during the financial year.		
Reconciliation of Agency Funds and Disbursements:		
Total agency funds received	100,021	288,330
Amount remitted to the principal	<u>(100,021)</u>	<u>(288,330)</u>
Variance between amounts received and amounts remitted	<u>-</u>	<u>-</u>
53 EVENTS AFTER REPORTING DATE		
The Municipal had no significant events after reporting date.		
54 IN-KIND DONATIONS AND ASSISTANCE		
The Municipality did not receive any in-kind donations or assistance during the year under review.		

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
55 PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
The Municipality did not enter into any PPP's in the current and prior year.		
56 CONTINGENT LIABILITIES		
The municipality is currently engaged in the following litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.		
56.1 Nama Khoi Municipality / Cornelissen Inc (obo Schreuders Attorneys)	1,000,000	1,000,000
Legal fees charged to the Municipality which was not sanctioned by Council. Management's estimate of financial exposure, including costs and disbursements is estimated at R1.0 million		
56.2 IMATU obo RC Hartley / Nama Khoi Municipality (Neville Cloete Attorneys Inc)	160,000	160,000
Claim for allegedly unpaid Acting Allowance as Acting Head of Department of Community services. Estimated costs exposure approximately R160 000.		
56.3 Nama Khoi Municipality / Okiep Copper Company (Pty) Ltd (obo Webber Wentzel Attorneys)	500,000	500,000
This matter involves a summons issued by the Municipality against O'Okiep Copper Company (Pty) Ltd (OCC) for the transfer of the Springbok airfield pursuant to a written sale agreement entered into between the Municipality and the OCC in 1994 in terms of which Springbok Municipality (Nama Khoi Local Municipality's predecessor) bought the airfield from the OCC. The OCC is defending the action, and has also instituted a counter-claim and as a consequence thereof was claiming (1) an order declaring that the Municipality must vacate the airfield, (2) that the Municipality must pay rental income for the period the Municipality occupied the airfield, and (3) that the Municipality must pay rehabilitation costs for the repair and maintenance of the airfield. The OCC has now amended its plea and as a consequence has done away with its counter-claim for rental and rehabilitation costs.		
The pleadings have closed and the matter needs to be prepared for trial. However, the OCC has made certain proposals to settle the matter, which proposal for settlement have not been accepted and thus the matter is in process of being prepared for trial. Management's estimate of financial exposure is estimated at R500 000.		
56.4 Nama Khoi Municipality / Afriforum NPC (obo Webber Wentzel Attorneys)	200,000	200,000
This matter involves an application by Afriforum NPC against the Municipality for declaratory relief pertaining to the appointment of the Head of Department: Technical services. The Municipality has opposed the matter, however the parties are currently attempting to resolve the matter amicably. In the event that the matter can not be resolved amicably and the application is proceeded with, the estimate of financial exposure including legal costs and disbursements will be approximately R200 000 in the event that the application is successful.		
56.5 Nama Khoi Municipality / Country Hotels (Pty) Ltd (obo Webber Wentzel Attorneys)	855,738	-
This matter involves a summons issued by Country Hotels for payment of damages in the form of 50% of water charges paid as a result of the alleged improper installation of an alleged defective water meter on the water supply that serves the Springbok Inn resulting in the plaintiff allegedly being overcharged for water consumed at the Springbok Inn. The Municipality has defended the action, however, the parties are currently attempting to resolve the matter amicably.		
The amount being claimed is R605 737.99, being 50% of the total water charges paid to the Municipality to date, plus interest on 50% of each payment for water at the prescribed rate from date of the payment of the overestimated charges.		

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand	2024	2023
56.6 Nama Khoi Municipality / Liquid Telecommunications (obo Webber Wentzel Attorneys)	2,899,683	-
<p>This matter involves a summons issued by Liquid Telecommunications South Africa for payment relating to the alleged failure by the Municipality to make payments in respect of telecommunication services and for breach of contract. The Municipality has defended the matter amicably. Liquid Telecom's legal representatives have also indicated that they intend to amend Liquid Telecom's Particulars of Claim.</p> <p>The amount being claimed is R2 449 683 plus interest on overdue amount at Nedbank's prevailing prime overdraft rate plus 2%, compounded monthly in arrears.</p>		
56.7 Nama Khoi Municipality / Pauline le Cordeur (obo Webber Wentzel Attorneys)	150,000	-
<p>This matter involves an application for a declaration that the Applicant is the lawful owner of Erf 1323 Nababeep, situated within the Nama Khoi Municipality, in the Northern Cape Province. A declaration that the transfer and registration of the Property, in terms of the Title Deed number T297/1889, is null and void. An order directing the Third Respondent, in terms of section 6 of the Deeds Registries Act 47 of 1937, to cancel the transfer of the Property to the Second Respondent. An order authorising and directing the Third Respondent to transfer the Property into the name of the Applicant and that the Municipality and the Second Respondent pay the costs of the application.</p> <p>The Municipality initially opposed the application, however, the Municipality subsequently filed a Conditional Notice of Withdrawal and to abide as well as an explanatory affidavit to assist the Court.</p>		
55.8 Nama Khoi Municipality / Eskom SOC Limited, (Bossr Inc Cape Town)	31,138	700,000
<p>Nama Khoi Municipality held an Court Order prohibiting Eskom to disconnect the electricity. Nama Khoi Municipality and ESKOM has settled the litigation on 26 January 2024. Bossr were instructed to withdraw the application.</p>		
56.8 Nama Khoi Municipality / Illegal Miners - Kleinzee (Bossr Inc Cape Town)	-	300,000
<p>Review in court over eviction of illegal miners from Kleinzee by De Beers. Currently in discussions and negotiations with De Beers Consolidated mines. De Beers and Municipality currently in negotiations. Estimate costs exposure approximately R300 000.</p>		
55.10 Nama Khoi Municipality / Sedibeng Water (Bossr Inc Cape Town)	-	200,000
<p>Possible claim against Sedibeng Water for electricity usage and other charges. Interdicting Sedibeng Water from disconnecting the water supply and to institute a claim against Sedibeng Water. Sedibeng underwent a disestablishment under Bloem Water. Estimate costs exposure approximately R200 000.</p>		
55.11 Nama Khoi Municipality / William Bowers (Ettienne Vermaak)	-	50,000
<p>Disciplinary hearing of Mr William Bowers. Postponed in 2022/2023 financial year to get the public protector to testify in the hearing. As this is a disciplinary hearing and not a court case, no amount is claimed by Mr Bowers. Mr Vermaak confirmed on 09 July 2024 that he is not representing the Municipality in any case or litigation at the moment.</p>		
55.12 Nama Khoi Municipality / Brandon Love (Ettienne Vermaak)	-	50,000
<p>Disciplinary hearing of Mr Brandon Love. Postponed in 2022/2023 financial year due to his ill health. As this is a disciplinary hearing and not a court case, no amount is claimed by Mr Love. Mr Vermaak confirmed on 09 July 2024 that he is not representing the Municipality in any case or litigation at the moment.</p>		
55.13 Total	5,796,559	3,160,000

NAMA KHOI LOCAL MUNICIPALITY

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

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57 RELATED PARTIES

57.1 Related Party Transactions

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

Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given.

57.2 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

57.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 31 and 32.

57.4 Other related party transactions

The Municipality did not enter into any transactions where Councillors or Management had an interest.

58 OTHER TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS

The following awards were made where immediate family members are in the service of the State:

Company Name	Employee of the State (Service Capacity) / Relationship	Amount	Amount
FR Mining Engineering and Construction (Pty) Ltd	Micheal Raymond (Commonage Officer - Nama Khoi Municipality) - Brother of Director	-	225,541
Supplies Ablaze	Harold Roberts (Regional Director - Dept Roads and Public Works) - Parent of Director	246,665	-
BVI Raadgewende Ingenieurs	Elaxzan Cloete (HR Officer - Dept of Roads and Public Works) - Spouse of Director	3,799,258	-
Springbok A-Z Repair cc	Petronella Cloete (SAPS) - Spouse of Director	331,598	9,174
Xhoebies Richveld Mining	E Cloete and B Damon (HR - Dept Health and ICT - Nama Khoi Mun) - Spouse of Director and Sister of Director	-	23,250
Adv Ettienne Vermaak	Johanna Vermaak (Pharmacist - Department of Health Karl Bremer Hospital) - Spouse of Director	1,147,269	83,530
Total		5,524,790	341,495

NAMA KHOI LOCAL MUNICIPALITY

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

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59 FINANCIAL SUSTAINABILITY

Nama Khoi municipality operates with a Funded Budget Plan and implements cost containment measures rigorously, as it has limited available revenue compared to its extensive expenditure needs. The municipality initiated a cost of supply studies for water, electricity, and sewerage services and will be implementing the cost-reflective tariffs starting with the 2025-26 Budget. The municipality manage its income and expenditure on a month-to-month basis as to ensure the municipality meets its financial obligations.

The going concern remained a challenge for Nama Khoi municipality as debtors and creditors kept on increasing during the financial year, however, it must be noted that the municipality commenced initiatives to address the issues. In terms of creditors the municipality applied for the Debt Write-off initiative from National Treasury, and in relation to debtors the municipality embarked on Revenue Enhancement Project that includes the replacement of pre-paid electricity meters, whilst pre-paid water meters currently in the pilot phase. The municipality is in dispute with the Water Board, relating to the tariff increases in prior years. Bulk purchases account is in question, due to the meters were found not to be accurate. There have been constant breakdowns where the municipality assisted the Water Board at no cost or rebates for work done.

Basic Services is the main source of income for Nama Khoi, with operational grants in the form of Equitable Shares closely second. Many households within the municipal region are also social grant dependent with 5000+ registered indigents out of the 11 500 + households. At this stage, it will be extremely difficult for the municipality to operate without government grants, as it does not have funds for Capital Projects and solely rely on MIG, WSIG, EPWP, and INEP.

External experts assisted Nama Khoi municipality to revise its current policies and to align them with the latest legislation and best practice industry standards. The municipality does financial reporting monthly and has an active Institutional Economic and Finance Committee where matters such as the collection of cash, outstanding debtors, and new revenue enhancement initiatives are discussed. The municipality also reports monthly on all reporting requirements to National Treasury.

Revenue enhancement initiatives currently implemented to change the municipality's financial sustainability include the following:

- The reduction of non-revenue water – the initiative is in collaboration with DBSA.
- Initiatives in collaboration with Syntell and it includes:
 - o Replacement of prepaid electricity meters,
 - o Introduction of pre-paid water meters,
 - o The TID rollover that will also include a debtor's audit, upfront payment of large powers users, etc.

Service Delivery remains a challenge due to vast distances and aged infrastructure, however, the municipality acquired a loan and has managed to purchase the fleet previously on lease, and currently has a saving on the payment while having more funds available to add to the fleet while also addressing certain service relating issues. A panel of consultants and service providers was appointed in the previous financial year to assist the municipality with the implementation of projects, while also giving the small business owners the opportunity to be actively involved in the municipality. Small scale entrepreneurs are currently assisting the municipality with the refuse removal. This will reduce the load on the refuse trucks, which will effectively lead to cost reduction.

The municipality received many proposals on alternative energy throughout the financial year and the outcome will have an impact on the electricity usage by default having a saving for the municipality. Mining activities are about to be revived in the area bringing much hope to the community and the possibility of new revenue streams for the municipality. The municipality have embarked on a Green Energy project through the Syntell Enhancement Programme. This includes buying electricity at R1 per unit, instead of Eskom's tariffs, that are above R2 per unit.

The municipality successfully applied for the Debt Relief Programme and is in line that three quarters of the debt to be written off. The municipality spent a portion of the vehicle fleet loan, secured in the previous financial year. An analysis will be conducted on the needs of the community to acquire more service delivery assets. This will boost service delivery while reducing expenditure such as overtime and repairs on fleet.

61 B-BBEE PERFORMANCE

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

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

2024

2023

62 SEGMENT REPORTING

62.1 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. 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 Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Executive and Council	Supply of overall governance and oversight
2	Municipal Manager	Supply of overall governance and administration
3	Corporate Services	Supply of support functions
4	Financial Services	Supply of financial management functions and management of property rates
5	Community Services	Facilitation of community services including cemeteries, halls, health, parks, libraries and sport facilities, and public safety including traffic control, fire fighting, disaster management and pounds.
6	Technical Services	Planning and development and maintenance of roads
7	Energy sources	Electricity services
8	Water management	Water services
9	Waste water management	Sewerage services
10	Waste management	Refuse removal

62.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

62.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

62.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the next page.

NAMA KHOI LOCAL MUNICIPALITY

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

62 SEGMENT REPORTING (CONTINUED)

	Executive and Council R	Municipal Manager R	Corporate Services R	Financial Services R	Community Services R	Technical Services R	Energy sources R	Water management R	Waste water management R	Waste management R	Total R
2024											
REVENUE											
External Revenue from Non-Exchange Transactions	-	1,103,000	-	112,345,301	3,467,254	-	61,185,451	-	12,637,551	-	190,738,557
Property Rates	-	-	-	50,991,845	-	-	-	-	-	-	50,991,845
Government Grants and Subsidies - Operating	-	1,103,000	-	50,658,304	1,237,900	-	15,853,000	-	-	-	68,852,204
Government Grants and Subsidies - Capital	-	-	-	-	-	-	-	-	12,543,441	-	12,543,441
Contributed Assets	-	-	-	-	-	-	-	-	-	-	-
Availability Charges	-	-	-	528,901	-	-	678,417	-	94,111	-	1,301,429
Fines, penalties and forfeits	-	-	-	10,007	398,755	-	178,059	-	-	-	586,821
Interest Earned - outstanding debtors (non-exchange)	-	-	-	5,712,243	-	-	-	-	-	-	5,712,243
Licences and Permits	-	-	-	-	1,830,599	-	-	-	-	-	1,830,599
Actuarial Gains	-	-	-	4,444,000	-	-	-	-	-	-	4,444,000
Debt Waived	-	-	-	-	-	-	44,475,975	-	-	-	44,475,975
External Revenue from Exchange Transactions	370,606	294,778	1,904,850	40,481,001	3,243,961	90,502	114,505,266	44,150,822	14,775,010	8,442,520	228,259,316
Service Charges	-	-	-	12,745,644	-	-	114,505,266	44,150,822	14,775,010	8,442,520	194,619,262
Rental of Facilities and Equipment	-	-	1,698,735	-	1,577,578	-	-	-	-	-	3,276,313
Interest Earned - external investments	-	-	-	4,321,711	-	-	-	-	-	-	4,321,711
Interest Earned - outstanding debtors (exchange)	-	-	-	21,739,140	-	-	-	-	-	-	21,739,140
Agency Services	-	-	-	-	100,021	-	-	-	-	-	100,021
Other Income	370,606	294,778	206,115	1,674,506	1,566,362	90,502	-	-	-	-	4,202,869
TOTAL REVENUE	370,606	1,397,778	1,904,850	152,826,302	6,711,215	90,502	175,690,718	44,150,822	27,412,561	8,442,520	418,997,873
EXPENDITURE											
Employee Related Costs	1,662,347	10,254,110	8,923,374	19,484,627	15,895,496	11,405,438	6,618,390	8,355,699	8,035,152	4,613,028	95,247,662
Remuneration of Councillors	7,340,041	-	-	-	-	-	-	-	-	-	7,340,041
Debt Impairment	-	-	-	2,737	-	-	39,207,528	10,889	-	931	39,222,085
Depreciation, Amortisation and Impairment	-	-	4,198,607	-	2,574,711	-	12,847,795	5,910,929	7,582,221	4,105,319	37,219,581
Finance Charges	-	-	-	33,886,125	-	-	-	-	-	9,114,642	43,000,767
Bulk Purchases	-	-	-	-	-	-	109,867,151	-	-	-	109,867,151
Other Expenditure	1,933,137	2,315,174	14,405,652	11,866,626	2,281,675	4,230,961	7,477,210	753,691	124,566	116,020	45,504,712
Loss on disposal of Non-Monetary Assets	-	-	-	143,492	-	-	-	-	-	-	143,492
Inventory Consumed	-	-	258,846	-	45,412	10,403,947	-	25,450,529	248,403	22,331	36,429,467
Inventory Write Off	-	-	-	1,773	-	-	-	9,724,196	-	-	9,725,969
Total Expenditure	10,935,525	12,569,284	27,786,479	65,385,380	20,797,293	26,040,347	176,018,074	50,205,934	15,990,342	17,972,270	423,700,928
NET SURPLUS/(DEFICIT) FOR THE YEAR	(10,564,919)	(11,171,506)	(25,881,629)	87,440,922	(14,086,078)	(25,949,845)	(327,357)	(6,055,112)	11,422,219	(9,529,749)	(4,703,054)
Less: Government Grants and Subsidies - Capital	-	-	-	-	-	-	-	-	(12,543,441)	-	(12,543,441)
Less: Contributed Assets	-	-	-	-	-	-	-	-	-	-	-
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	(10,564,919)	(11,171,506)	(25,881,629)	87,440,922	(14,086,078)	(25,949,845)	(327,357)	(6,055,112)	(1,121,222)	(9,529,749)	(17,246,495)
CAPITAL EXPENDITURE FOR THE YEAR	77,586	329,036	-	38,261	-	-	-	1,364,051	11,822,829	-	13,631,764

NAMA KHOI LOCAL MUNICIPALITY

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

62 SEGMENT REPORTING (CONTINUED)

	Executive and Council R	Municipal Manager R	Corporate Services R	Financial Services R	Community Services R	Technical Services R	Energy sources R	Water management R	Waste water management R	Waste management R	Total R
2023											
REVENUE											
External Revenue from Non-Exchange Transactions	-	1,143,617	-	124,019,666	3,997,732	-	2,464,308	452,791	8,696,725	-	140,774,839
Property Rates	-	-	-	51,448,145	-	-	-	-	-	-	51,448,145
Government Grants and Subsidies - Operating	-	1,143,617	-	61,710,184	1,344,343	-	-	-	-	-	64,198,145
Government Grants and Subsidies - Capital	-	-	-	-	-	-	1,950,776	-	8,491,611	-	10,442,387
Contributed Assets	-	-	-	2,250,000	-	-	-	-	-	-	2,250,000
Availability Charges	-	-	-	-	-	-	513,532	452,791	205,114	-	1,171,436
Fines, penalties and forfeits	-	-	-	-	1,487,437	-	-	-	-	-	1,487,437
Interest Earned - outstanding debtors (non-exchange)	-	-	-	4,015,667	-	-	-	-	-	-	4,015,667
Licences and Permits	-	-	-	-	1,165,952	-	-	-	-	-	1,165,952
Actuarial Gains	-	-	-	4,595,670	-	-	-	-	-	-	4,595,670
External Revenue from Exchange Transactions	103,036	329,905	2,612,604	23,510,336	1,942,004	717	100,259,935	42,411,041	14,022,847	16,273,486	201,465,912
Service Charges	-	-	-	-	-	-	100,259,935	42,411,041	14,022,847	16,273,486	172,967,311
Rental of Facilities and Equipment	-	-	2,438,076	-	1,513,826	-	-	-	-	-	3,951,902
Interest Earned - external investments	-	-	-	2,713,645	-	-	-	-	-	-	2,713,645
Interest Earned - outstanding debtors (exchange)	-	-	-	17,415,434	-	-	-	-	-	-	17,415,434
Agency Services	-	-	-	-	288,330	-	-	-	-	-	288,330
Other Income	103,036	329,905	174,528	3,381,257	139,848	717	-	-	-	-	4,129,291
TOTAL REVENUE	103,036	1,473,522	2,612,604	147,530,002	5,939,737	717	102,724,243	42,863,832	22,719,572	16,273,486	342,240,751
EXPENDITURE											
Employee Related Costs	-	11,204,781	11,690,114	18,658,759	15,713,667	11,605,250	7,099,920	7,789,569	7,642,542	7,711,582	99,116,182
Remuneration of Councillors	6,758,975	-	-	-	-	-	-	-	-	-	6,758,975
Debt Impairment	-	-	-	48,527,262	-	-	-	-	-	-	48,527,262
Depreciation, Amortisation and Impairment	-	-	2,736,456	211,412	3,686,135	7,019,947	8,598,404	4,651,831	6,531,749	6,043,961	39,479,895
Finance Charges	-	-	3,525,000	18,755,388	-	-	-	-	-	-	22,280,388
Bulk Purchases	-	-	-	-	-	-	101,918,231	-	-	-	101,918,231
Other Expenditure	2,238,184	2,255,722	17,900,298	10,941,864	2,406,239	1,763,456	5,422,840	1,089,998	143,939	-	44,162,539
Actuarial Losses	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of Non-Monetary Assets	-	720,373	-	-	-	-	-	-	-	-	720,373
Inventory Consumed	-	-	452,346	-	63,244	7,206,820	-	34,675,658	237,883	21,329	42,657,281
Inventory Write Off	-	-	-	-91,942	-	-	-	8,383,163	-	-	8,291,221
Total Expenditure	8,997,158	14,180,876	36,304,214	97,002,743	21,869,285	27,595,472	123,039,394	56,590,219	14,556,113	13,776,871	413,912,347
NET SURPLUS/(DEFICIT) FOR THE YEAR	(8,894,122)	(12,707,354)	(33,691,610)	50,527,259	(15,929,548)	(27,594,756)	(20,315,151)	(13,726,387)	8,163,459	2,496,615	(71,671,596)
Less: Government Grants and Subsidies - Capital	-	-	-	-	-	-	(1,950,776)	-	(8,491,611)	-	(10,442,387)
Less: Contributed Assets	-	-	-	(2,250,000)	-	-	-	-	-	-	(2,250,000)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	(8,894,122)	(12,707,354)	(33,691,610)	48,277,259	(15,929,548)	(27,594,756)	(22,265,927)	(13,726,387)	(328,152)	2,496,615	(84,363,983)
CAPITAL EXPENDITURE FOR THE YEAR	5,782,474	974,839	-	-	-	-	1,696,327	4,660,857	2,723,153	-	15,837,650

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2024

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2023	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2024
<u>Annuity Loans</u>							
Nedbank	12042023	11.30%	2028/05/01	24,508,454	-	(4,028,096)	20,480,359
Total Annuity Loans				24,508,454	-	(4,028,096)	20,480,359
<u>Finance Lease Liabilities</u>							
Nashua Ltd	000055 MAJ	8.25%	2024/12/31	730,924	-	(477,201)	253,722
Total Finance Lease Liabilities				730,924	-	(477,201)	253,722
TOTAL LONG-TERM LIABILITIES				25,239,378	-	(4,505,297)	20,734,081

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2024

	OPENING BALANCE R	CORRECTION OF ERROR R	RESTATED BALANCE R	GRANTS RECEIVED R	GRANTS REPAID R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	CLOSING BALANCE R
NATIONAL GOVERNMENT								
Equitable Share	-	-	-	63,411,304	-	(63,411,304)	-	-
Finance Management Grant (FMG)	-	-	-	3,100,000	-	(3,100,000)	-	-
Municipal Infrastructure Grant (MIG)	4,645,673	-	4,645,673	10,272,000	(4,645,673)	-	(10,260,144)	11,856
Expanded Public Works Programme (EPWP)	69,270	-	69,270	1,103,000	(69,270)	(1,103,000)	-	-
Integrated National Electrification Programme (INEP)	49,224	-	49,224	-	(49,224)	-	-	-
Water Service Infrastructure Grant (WSIG)	7,767,579	-	7,767,579	10,000,000	-	-	(2,283,296)	15,484,283
Total	12,531,746	-	12,531,746	87,886,304	(4,764,167)	(67,614,304)	(12,543,440)	15,496,139
PROVINCIAL GOVERNMENT								
Libraries, Archives and Museums	185,697	-	185,697	1,565,000	-	(1,237,900)	-	512,797
Department of Water Affairs - WSACDBP	510,747	(510,747)	-	-	-	-	-	-
LG SETA	228,576	-	228,576	-	-	-	-	228,576
Department Sport, Arts and Culture	308,500	(308,500)	-	-	-	-	-	-
Swimming Pool	450,000	-	450,000	-	-	-	-	450,000
World Cup 2010	52,139	(52,139)	-	-	-	-	-	-
Municipal Disaster Recovery Grant	817,356	-	817,356	-	-	-	-	817,356
Fire Equipment	52,264	(52,264)	-	-	-	-	-	-
Housing	1,265,273	-	1,265,273	200,000	-	-	-	1,465,273
Total	3,870,552	(923,650)	2,946,902	1,765,000	-	(1,237,900)	-	3,474,002
OTHER GRANT PROVIDERS								
Wade Project	40,362	(40,362)	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Total	40,362	(40,362)	-	-	-	-	-	-
ALL SPHERES OF GOVERNMENT	16,442,660	(964,012)	15,478,648	89,651,304	(4,764,167)	(68,852,204)	(12,543,440)	18,970,141

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
Financial Performance						
Property rates	57,427,711	(1,181)	57,426,530	50,991,845	(6,434,685)	51,448,145
Service charges	255,290,457	(51,112,824)	204,177,633	195,920,691	(8,256,942)	174,138,746
Investment revenue	2,084,695	2,133,945	4,218,640	4,321,711	103,071	2,713,645
Transfers and subsidies - operational	69,179,000	817,355	69,996,355	68,852,204	(1,144,151)	64,198,145
Other own revenue	27,656,391	8,601,516	36,257,907	86,367,981	50,110,074	37,049,682
Total Operating Revenue (excluding capital transfers)	411,638,254	(39,561,189)	372,077,065	406,454,433	34,377,368	329,548,363
Employee costs	102,966,854	(8,163,766)	94,803,088	98,867,662	4,064,574	102,641,182
Remuneration of councillors	6,758,975	543,069	7,302,044	7,340,041	37,997	6,758,975
Debt impairment	-	22,200,000	22,200,000	39,222,085	17,022,085	48,527,262
Depreciation and asset impairment	81,663,419	(9,271,852)	72,391,567	37,219,581	(35,171,986)	39,479,895
Finance charges	2,702,525	14,522,812	17,225,337	39,380,767	22,155,430	18,755,388
Bulk purchases	138,000,000	(18,000,000)	120,000,000	109,867,151	(10,132,849)	101,918,231
Inventory consumed	65,596,037	(14,500,037)	51,096,000	36,429,467	(14,666,533)	42,657,281
Contracted Services	42,469,709	(21,850,709)	20,619,000	20,579,915	(39,085)	14,646,752
Transfers and grants	-	-	-	-	-	-
Other expenditure	55,545,290	(27,648,434)	27,896,856	24,924,797	(2,972,059)	29,515,787
Losses	8,420,552	(5,000,000)	3,420,552	9,869,462	6,448,910	9,011,594
Total Expenditure	504,123,361	(67,168,917)	436,954,444	423,700,928	(13,253,517)	413,912,347
Surplus/(Deficit)	(92,485,107)	27,607,728	(64,877,379)	(17,246,495)	47,630,884	(84,363,984)
Transfers and subsidies - capital (monetary) - Government	36,599,000	(342,421)	36,256,579	12,543,441	(23,713,138)	10,442,387
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	2,250,000
AUDITED ANNUAL FINANCIAL STATEMENTS	(55,886,107)	27,265,307	(28,620,800)	(4,703,054)	23,917,746	(71,671,597)
Capital expenditure & funds sources						
Capital expenditure	55,899,000	(7,405,000)	48,494,000	13,631,764	(34,862,236)	15,837,650
Transfers recognised - capital	36,599,000	(342,421)	36,256,579	10,735,423	(25,521,156)	12,999,883
Borrowing	-	25,000,000	25,000,000	-	(25,000,000)	-
Internally generated funds	19,300,000	(7,062,645)	12,237,355	103,298	(12,134,057)	76,196
Total sources of capital funds	55,899,000	17,594,934	73,493,934	10,838,721	(62,655,213)	13,076,080
Cash flows						
Net cash from (used) operating	36,654,433	(33,205,604)	3,448,829	(117,019,702)	(120,468,532)	11,607,634
Net cash from (used) investing	(55,899,000)	8,222,826	(47,676,174)	(13,631,764)	34,044,410	(13,587,651)
Net cash from (used) financing	-	-	-	128,101,408	128,101,408	24,233,374
Net Cash Movement for the year	(19,244,567)	(24,982,778)	(44,227,345)	(2,550,059)	41,677,286	22,253,357
Cash/cash equivalents at beginning of year	46,770,344	-	46,770,344	46,770,336	(8)	24,516,986
Cash/cash equivalents at the year end	27,525,777	(24,982,778)	2,543,000	44,220,278	41,677,278	46,770,343

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	1,805,944	110,933	1,916,877	1,762,281	(154,596)	1,573,428
Finance and administration	148,795,627	(51,668,802)	97,126,825	154,738,715	57,611,890	150,145,735
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	3,273,205	(5,926)	3,267,279	2,864,929	(402,350)	2,863,358
Sport and recreation	123,504	8,124	131,628	70,999	(60,629)	86,913
Public safety	-	-	-	105,259	105,259	195,593
Economic and environmental services						
Planning and development	-	-	-	-	-	-
Road transport	1,902,485	(303,402)	1,599,083	3,759,070	2,159,987	2,794,589
Trading services						
Energy sources	149,263,003	(29,273,274)	119,989,729	175,690,718	55,700,989	102,724,243
Water management	57,162,542	13,865,950	71,028,492	44,150,822	(26,877,670)	42,863,832
Waste water management	59,026,989	13,510,329	72,537,318	27,412,561	(45,124,757)	22,719,572
Waste management	26,639,689	13,852,750	40,492,439	8,442,520	(32,049,919)	16,273,486
Other	244,266	(292)	243,974	-	(243,974)	-
Total Revenue - Standard	448,237,254	(39,903,610)	408,333,644	418,997,873	10,664,229	342,240,750
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	22,535,895	(7,707,041)	14,828,854	22,216,441	7,387,587	21,476,383
Finance and administration	92,747,063	10,225,309	102,972,372	110,128,262	7,155,889	148,940,817
Internal audit	1,346,544	(631,412)	715,132	1,056,356	341,224	1,043,974
Community and public safety						
Community and social services	7,246,802	(2,787,681)	4,459,121	4,677,640	218,518	4,672,497
Sport and recreation	14,097,928	(254,971)	13,842,957	6,915,591	(6,927,366)	7,324,564
Public safety	3,323,183	(768,730)	2,554,453	3,597,057	1,042,605	2,456,469
Economic and environmental services						
Planning and development	1,629,126	(1,329,817)	299,309	3,345,455	3,046,146	1,426,093
Road transport	21,766,893	(7,034,539)	14,732,354	12,016,005	(2,716,349)	18,608,952
Trading services						
Energy sources	180,888,231	(30,070,258)	150,817,973	176,018,074	25,200,102	123,039,394
Water management	89,021,880	(18,697,431)	70,324,449	49,768,351	(20,556,098)	56,590,219
Waste water management	27,218,678	(6,289,609)	20,929,069	15,996,103	(4,932,967)	14,556,113
Waste management	42,301,138	(1,862,901)	40,438,237	17,965,594	(22,472,643)	13,776,871
Other	-	40,164	40,164	-	(40,164)	-
Total Expenditure - Standard	504,123,361	(67,168,917)	436,954,444	423,700,928	(13,253,517)	413,912,347
Surplus/(Deficit) for the year	(55,886,107)	27,265,307	(28,620,800)	(4,703,054)	23,917,746	(71,671,597)

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Executive Mayor And Council (10: le)	317,835	52,192	370,027	370,606	579	103,036
Vote 2 - Municipal Manager (11: le)	1,490,993	67,293	1,558,286	1,397,778	(160,508)	1,473,522
Vote 3 - Corporate Services (13: le)	3,073,746	5,853	3,079,599	1,904,850	(1,174,749)	2,612,604
Vote 4 - Financial Services (15: le)	145,696,631	(52,500,973)	93,195,658	152,826,302	59,630,644	147,530,002
Vote 5 - Community Services: Comm Dev (16: le)	30,134,440	13,854,656	43,989,096	11,413,502	(32,575,594)	19,289,717
Vote 6 - Community Services: Publsafety (17: le)	2,066,610	(301,543)	1,765,067	3,740,233	1,975,166	2,923,505
Vote 7 - Infrastructure,Eng And Technical (18: le)	265,456,999	(1,081,086)	264,375,913	247,344,602	(17,031,311)	168,308,364
Total Revenue by Vote	448,237,254	(39,903,608)	408,333,646	418,997,873	10,664,227	342,240,750
EXPENDITURE						
Vote 1 - Executive Mayor And Council (10: le)	10,100,816	(692,772)	9,408,044	10,935,525	1,527,481	8,997,158
Vote 2 - Municipal Manager (11: le)	14,728,580	(8,177,785)	6,550,795	12,569,284	6,018,489	14,180,876
Vote 3 - Corporate Services (13: le)	33,853,494	3,006,012	36,859,506	28,487,820	(8,371,686)	36,304,214
Vote 4 - Financial Services (15: le)	37,437,975	13,944,584	51,382,559	65,385,380	14,002,821	97,002,743
Vote 5 - Community Services: Comm Dev (16: le)	63,746,744	(5,241,430)	58,505,314	29,565,550	(28,939,764)	25,775,798
Vote 6 - Community Services: Publsafety (17: le)	11,667,561	(1,796,928)	9,870,633	9,427,196	(443,437)	9,870,358
Vote 7 - Infrastructure,Eng And Technical (18: le)	332,588,191	(68,210,595)	264,377,596	267,330,171	2,952,575	221,781,198
Total Expenditure by Vote	504,123,361	(67,168,914)	436,954,447	423,700,928	(13,253,519)	413,912,346
Surplus/(Deficit) for the year	(55,886,107)	27,265,306	(28,620,801)	(4,703,054)	23,917,747	(71,671,596)

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	57,427,711	(1,181)	57,426,530	50,991,845	(6,434,685)	51,448,145
Service charges - electricity revenue	149,047,037	(45,112,824)	103,934,213	119,398,348	15,464,136	100,767,815
Service charges - water revenue	57,175,742	(2,000,000)	55,175,742	44,385,285	(10,790,457)	42,869,484
Service charges - sanitation revenue	22,427,989	(2,000,000)	20,427,989	14,968,449	(5,459,540)	14,227,961
Service charges - refuse revenue	26,639,689	(2,000,000)	24,639,689	17,168,608	(7,471,081)	16,273,486
Rent on land	1,194,450	-	1,194,450	1,352,189	157,739	-
Rental of facilities and equipment	3,240,262	-	3,240,262	1,924,125	(1,316,137)	2,764,937
Interest earned - external investments	2,084,695	2,133,945	4,218,640	4,321,711	103,071	2,713,645
Interest earned - outstanding debtors	19,529,080	5,915,488	25,444,568	27,451,383	2,006,815	21,431,101
Fines, penalties and forfeits	574,854	-	574,854	586,821	11,967	1,487,437
Licences and permits	1,586,366	-	1,586,366	1,830,599	244,233	1,297,901
Agency services	399,827	(310,422)	89,405	100,021	10,616	288,330
Transfers and subsidies - Operating	69,179,000	817,355	69,996,355	68,852,204	(1,144,151)	64,198,145
Other revenue	1,131,552	2,996,450	4,128,002	48,678,844	44,550,842	5,184,307
Gains	-	-	-	4,444,000	4,444,000	4,595,670
Total Revenue (excl capital transfers)	411,638,254	(39,561,189)	372,077,065	406,454,433	34,377,368	329,548,363
EXPENDITURE BY TYPE						
Employee related costs	102,966,854	(8,163,766)	94,803,088	98,867,662	4,064,574	102,641,182
Remuneration of councillors	6,758,975	543,069	7,302,044	7,340,041	37,997	6,758,975
Debt impairment	-	22,200,000	22,200,000	39,222,085	17,022,085	48,527,262
Depreciation and asset impairment	81,663,419	(9,271,852)	72,391,567	37,219,581	(35,171,986)	39,479,895
Finance charges	2,702,525	14,522,812	17,225,337	39,380,767	22,155,430	18,755,388
Bulk purchases - electricity	138,000,000	(18,000,000)	120,000,000	109,867,151	(10,132,849)	101,918,231
Inventory consumed	65,596,037	(14,500,037)	51,096,000	36,429,467	(14,666,533)	42,657,281
Contracted Services	42,469,709	(21,850,709)	20,619,000	20,579,915	(39,085)	14,646,752
Transfers and grants	-	-	-	-	-	-
Other expenditure	55,545,290	(27,648,434)	27,896,856	24,924,797	(2,972,059)	29,515,787
Losses	8,420,552	(5,000,000)	3,420,552	9,869,462	6,448,910	9,011,594
Total Expenditure	504,123,361	(67,168,917)	436,954,444	423,700,928	(13,253,517)	413,912,347
Surplus/(Deficit)	(92,485,107)	27,607,728	(64,877,379)	(17,246,495)	47,630,884	(84,363,984)
Transfers and subsidies - Capital (monetary) - Government	36,599,000	(342,421)	36,256,579	12,543,441	(23,713,138)	10,442,387
Transfers and subsidies - Capital (monetary) - Other	-	-	-	-	-	-
Transfers and subsidies - Capital (in-kind)	-	-	-	-	-	2,250,000
Surplus/(Deficit) for the year	(55,886,107)	27,265,307	(28,620,800)	(4,703,054)	23,917,746	(71,671,597)

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Executive Mayor And Council (10: Ie)	-	-	-	-	-	-
Vote 2 - Municipal Manager (11: Ie)	-	-	-	-	-	-
Vote 7 - Infrastructure,Eng And Technical (18: Ie)	-	-	-	-	-	-
Vote 11 - Community Services: Comm Dev (26: Cs)	-	-	-	-	-	-
Vote 12 - Infrastructure,Eng And Technical (28: Cs)	-	-	-	-	-	-
Total Multi-year expenditure	-	-	-	-	-	-
Single-year expenditure						
Vote 1 - Executive Mayor And Council (10: Ie)	17,100,000	(11,100,000)	6,000,000	115,847	(5,884,153)	5,782,474
Vote 2 - Municipal Manager (11: Ie)	-	550,000	550,000	329,036	(220,964)	974,839
Vote 7 - Infrastructure,Eng And Technical (18: Ie)	-	-	-	-	-	-
Vote 8 - Executive Mayor And Council (20: Cs)	-	-	-	-	-	-
Vote 9 - Municipal Manager (21: Cs)	-	-	-	-	-	-
Vote 11 - Community Services: Comm Dev (26: Cs)	-	-	-	-	-	-
Vote 12 - Infrastructure,Eng And Technical (28: Cs)	38,799,000	3,145,000	41,944,000	13,186,880	(28,757,120)	9,080,337
Total Single-year expenditure	55,899,000	(7,405,000)	48,494,000	13,631,764	(34,862,236)	15,837,650
Total Capital Expenditure by Vote	55,899,000	(7,405,000)	48,494,000	13,631,764	(34,862,236)	15,837,650
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	17,100,000	(11,100,000)	6,000,000	406,622	(5,593,378)	5,782,474
Finance and administration	-	-	-	38,261	38,261	-
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic and environmental services						
Planning and development	-	550,000	550,000	-	(550,000)	974,839
Road transport	-	-	-	-	-	-
Trading services						
Energy sources	1,600,000	2,600,000	4,200,000	-	(4,200,000)	1,696,327
Water management	600,000	887,000	1,487,000	1,364,051	(122,949)	4,660,857
Waste water management	36,599,000	(342,000)	36,257,000	11,822,829	(24,434,171)	2,723,153
Waste management	-	-	-	-	-	-
Total Capital Expenditure - Standard	55,899,000	(7,405,000)	48,494,000	13,631,764	(34,862,236)	15,837,650

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	36,599,000	(342,421)	36,256,579	10,735,423	(25,521,156)	12,999,883
Provincial Government	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-
Transfers recognised - capital	36,599,000	(342,421)	36,256,579	10,735,423	(25,521,156)	12,999,883
Borrowing	-	25,000,000	25,000,000	-	(25,000,000)	-
Internally generated funds	19,300,000	(7,062,645)	12,237,355	103,298	(12,134,057)	76,196
Total Capital Funding	55,899,000	17,594,934	73,493,934	10,838,721	(62,655,213)	13,076,080

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	61,477,224	(6,025,251)	55,451,973	41,806,098	(13,645,875)	41,468,192
Service charges	306,390,968	(137,810,948)	168,580,020	176,097,850	7,517,830	153,889,353
Other revenue	7,876,158	1,742,731	9,618,889	46,534,866	36,915,977	5,621,856
Government - operating	14,028,976	55,150,024	69,179,000	72,343,697	3,164,697	62,103,613
Government - capital	36,599,000	(342,421)	36,256,579	12,543,440	(23,713,139)	10,442,387
Interest	2,084,695	2,133,945	4,218,640	4,321,711	103,071	2,713,645
Payments						
Suppliers and employees	(389,100,063)	66,469,128	(322,630,935)	(440,401,240)	(117,770,305)	(253,573,164)
Finance charges	(2,702,525)	(14,522,812)	(17,225,337)	(30,266,125)	(13,040,788)	(11,058,248)
NET CASH FROM OPERATING ACTIVITIES	36,654,433	(33,205,604)	3,448,829	(117,019,702)	(120,468,532)	11,607,634
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-
Payments						
Capital assets	(55,899,000)	8,222,826	(47,676,174)	(13,631,764)	34,044,410	(13,587,651)
NET CASH USED IN INVESTING ACTIVITIES	(55,899,000)	8,222,826	(47,676,174)	(13,631,764)	34,044,410	(13,587,651)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	-	-	-	132,319,332	132,319,332	25,000,000
Increase (decrease) in consumer deposits	-	-	-	287,373	287,373	164,455
Payments						
Repayment of borrowing	-	-	-	(4,505,298)	(4,505,298)	(931,081)
NET CASH FROM FINANCING ACTIVITIES	-	-	-	128,101,408	128,101,407	24,233,374
NET INCREASE/ (DECREASE) IN CASH HELD	(19,244,567)	(24,982,778)	(44,227,345)	(2,550,059)	41,677,285	22,253,357
Cash/cash equivalents at the year begin:	46,770,344	-	46,770,344	46,770,344	-	24,516,987
Cash/cash equivalents at the year end:	27,525,777	(24,982,777)	2,543,000	44,220,285	41,677,285	46,770,344