

# CAPE AGULHAS LOCAL MUNICIPALITY



KAAP AGULHAS MUNISIPALITEIT  
CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

## ANNUAL FINANCIAL STATEMENTS

**30 JUNE 2021**



AUDITOR - GENERAL  
SOUTH AFRICA

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09 December 2021

# CAPE AGULHAS LOCAL MUNICIPALITY

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# CAPE AGULHAS LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Cape Agulhas Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

### LEGAL FORM

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

### JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

Bredasdorp	L'Agulhas	Protem
Napier	Arniston	Klipdale
Struisbaai	Suiderstrand	Elim

### MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	PJ Swart	Ward 5	
Executive Deputy Mayor	Z Tonisi	Proportional	
Speaker	J G A Nieuwoudt	Ward 4	
		Proportional	
Councillor - Full time	G D Burger	(Resigned on 31 May 2021)	Member of Executive Mayoral Committee
Councillor - Full time	M October	Ward 2	Member of Executive Mayoral Committee
		Proportional	
Councillor - Part time	K E Donald	(Appointed on 1 June 2021)	
		Proportional	
Councillor - Part time	D Jantjies	Proportional	
Councillor - Part time	E C Marthinus	Proportional	
Councillor - Part time	E Sauls	Ward 1	
Councillor - Part time	C J Jacobs	Proportional	Chairperson of MPAC
Councillor - Part time	R J Baker	Ward 3	
Councillor - Part time	D J Europa	Ward 6	

### MEMBERS OF THE AUDIT COMMITTEE

P Strauss	Chairperson
R Mitchell	Member
L Stevens	Member
N Vumasonke	Member

### MUNICIPAL MANAGER

Mr E Phillips

### CHIEF FINANCIAL OFFICER

Mr H Van Biljon



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# CAPE AGULHAS LOCAL MUNICIPALITY

## GENERAL INFORMATION

### REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

### POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPAL BANKERS

ABSA, Bredasdorp

### ATTORNEYS

Luttig, Badenhorst & Fourie Attorneys

Kruger & Blignaut Attorneys

Bester Attorneys

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

Municipal Cost Containment Regulations, 2019



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

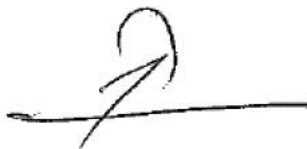
I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 134 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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 2022 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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



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**Mr E Phillips**  
**Municipal Manager**

31 August 2021

Date



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# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
		<b>158 184 398</b>	<b>119 754 511</b>
Cash and Cash Equivalents	2	109 201 928	73 041 284
Receivables from Exchange Transactions	3	38 615 778	36 065 677
Receivables from Non-exchange Transactions	4	8 468 726	8 380 517
Operating Lease Asset	5.1	329 524	328 033
Current Portion of Long-term Receivables	6	2 943	2 566
Inventory	7	1 565 498	1 936 436
<b>Non-current Assets</b>			
		<b>526 113 920</b>	<b>478 543 544</b>
Long-Term Receivables	6	154 238	160 569
Investment Property	8	40 319 859	40 329 389
Property, Plant And Equipment	9	481 153 419	433 192 582
Intangible Assets	10	4 486 405	4 861 004
<b>Total Assets</b>			
		<b>684 298 318</b>	<b>598 298 055</b>
<b>Current Liabilities</b>			
		<b>87 486 436</b>	<b>62 255 181</b>
Current Portion of Long-Term Liabilities	11	8 000 054	6 027 216
Consumer Deposits	12	5 532 699	5 027 528
Payables from Exchange Transactions	13	44 304 472	35 580 486
Unspent Conditional Government Grants	14	13 089 026	291 975
Unspent Public Contributions	15	94 969	106 567
Taxes	16	36 261	141 056
Operating Lease Liability	5.2	38 334	31 501
Current Employee Benefits	17	16 390 620	15 048 851
<b>Non-current Liabilities</b>			
		<b>149 708 529</b>	<b>105 509 870</b>
Long-Term Liabilities	11	46 962 845	20 762 900
Employee Benefits	18	43 881 000	35 890 000
Non-Current Provisions	19	58 864 683	48 856 971
<b>Total Liabilities</b>			
		<b>237 194 965</b>	<b>167 765 051</b>
<b>Net Assets</b>			
		<b>447 103 353</b>	<b>430 533 003</b>
<b>Community Wealth</b>			
Accumulated Surplus	20	409 603 353	395 533 003
Capital Replacement Reserve	20	37 500 000	35 000 000
<b>Total Community Wealth</b>			
		<b>447 103 353</b>	<b>430 533 003</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

REVENUE	Notes	2021 R (Actual)	2020 R (Restated)
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>143 583 631</b>	<b>152 199 678</b>
<b>Taxation Revenue</b>		<b>76 729 997</b>	<b>71 198 071</b>
Property Rates	21	76 729 997	71 198 071
<b>Transfer Revenue</b>		<b>64 560 956</b>	<b>66 296 282</b>
Government Grants and Subsidies - Capital	22	15 904 232	19 120 254
Government Grants and Subsidies - Operating	22	46 870 481	44 938 863
Public Contributions and Donations - Operating	23	26 243	190 030
Contributed Assets	24	1 760 000	2 047 134
<b>Other Revenue</b>		<b>2 292 678</b>	<b>14 705 326</b>
Fines	25	2 269 837	8 642 918
Actuarial Gains	26	-	6 008 520
Third Party - Insurance Receipts		22 841	53 887
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>226 417 502</b>	<b>216 985 034</b>
<b>Operating Activities</b>		<b>226 417 502</b>	<b>216 985 034</b>
Service Charges	27	192 884 033	182 496 443
Rental of Facilities and Equipment	28	7 088 520	8 667 864
Interest Earned - External Investments		3 138 479	6 282 982
Interest Earned - Outstanding Debtors	29	2 190 098	1 380 847
Licences and Permits	30	880 768	721 743
Agency Services	31	2 526 333	1 951 011
Other Income	32	11 926 809	10 430 238
Gains on Disposal of Properties		5 782 461	5 053 906
<b>TOTAL REVENUE</b>		<b>370 001 133</b>	<b>369 184 712</b>
<b>EXPENDITURE</b>			
Employee Related Costs	33	149 692 682	137 471 285
Remuneration of Councillors	34	5 625 636	5 631 724
Debt Impairment	35	6 678 351	19 860 753
Depreciation and Amortisation	36	15 902 099	15 205 413
Impairments	37	487 122	4 387
Actuarial Losses	39	5 038 541	65 921
Finance Charges	40	9 990 421	10 262 104
Bulk Purchases	41	95 594 817	89 330 846
Contracted Services	42	23 362 084	24 606 371
Transfers and Grants	43	2 593 984	2 455 128
Other Expenditure	44	38 120 528	35 877 889
Loss on Disposal of Property, Plant and Equipment		344 520	297 700
<b>TOTAL EXPENDITURE</b>		<b>353 430 783</b>	<b>341 209 583</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>16 570 350</b>	<b>27 015 129</b>

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## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2021

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2019 - Previously Reported</b>	<b>35 000 000</b>	<b>358 520 121</b>	<b>393 520 121</b>
Prior Period Adjustment - Refer to note 45.07	-	9 997 753	9 997 753
<b>Balance on 30 June 2019 - Restated</b>	<b>35 000 000</b>	<b>368 517 874</b>	<b>403 517 874</b>
Net Surplus for the Year	-	27 015 129	27 015 129
Transfers to Reserves	14 169 472	(14 169 472)	-
Property, Plant and Equipment Purchased	(14 169 472)	14 169 472	-
<b>Balance on 30 June 2020 - Restated</b>	<b>35 000 000</b>	<b>395 533 003</b>	<b>430 533 003</b>
Net Surplus for the Year	-	16 570 350	16 570 350
Transfers to Reserves	17 385 143	(17 385 143)	-
Property, Plant and Equipment Purchased	(14 885 143)	14 885 143	-
<b>Balance on 30 June 2021</b>	<b>37 500 000</b>	<b>409 603 353</b>	<b>447 103 353</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		75 126 383	70 120 375
Service Charges		188 786 206	170 183 681
Other Revenue		21 113 042	14 398 424
Government - Operating		48 918 504	44 116 011
Government - Capital		26 653 259	19 164 365
Interest		5 328 577	7 663 829
<b>Payments</b>			
Suppliers and Employees		(302 716 557)	(288 712 583)
Finance Charges		(2 497 861)	(3 091 359)
Transfers and Grants		(2 593 984)	(3 455 128)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>46</b>	<b>58 117 570</b>	<b>30 387 616</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets		5 791 614	5 073 906
Decrease in Long-Term Receivables		5 954	29 001
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(56 123 289)	(39 360 474)
Purchase of Investment Property		-	(313 064)
Purchase of Intangible Assets		(309 159)	(882 934)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(50 634 880)</b>	<b>(35 453 566)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New loans raised		34 200 000	-
Increase in Consumer Deposits		505 171	331 049
<b>Payments</b>			
Loans Repaid		(6 027 216)	(5 962 686)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>28 677 955</b>	<b>(5 631 637)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>36 160 644</b>	<b>(10 697 587)</b>
Cash and Cash Equivalents at the beginning of the year		73 041 284	83 738 870
Cash and Cash Equivalents at the end of the year	<b>47</b>	109 201 928	73 041 284
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>36 160 644</b>	<b>(10 697 587)</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	26 212 928	23 434 729	2 778 199
Call Investment Deposits	82 989 000	40 000 000	42 989 000
Consumer Debtors	39 896 527	48 830 547	(8 934 021)
Other Receivables	7 517 502	3 852 049	3 665 453
Current portion of Long-Term Receivables	2 943	2 566	378
Inventory	1 565 498	1 936 436	(370 937)
<b>Total Current Assets</b>	<b>158 184 398</b>	<b>118 056 326</b>	<b>40 128 071</b>
<b>Non Current Assets</b>			
Long-Term Receivables	154 238	158 004	(3 766)
Investment Property	40 319 859	40 320 489	(630)
Property, Plant and Equipment	481 153 419	488 539 456	(7 386 037)
Intangible Assets	4 486 405	4 760 904	(274 500)
<b>Total Non-Current Assets</b>	<b>526 113 920</b>	<b>533 778 853</b>	<b>(7 664 932)</b>
<b>TOTAL ASSETS</b>	<b>684 298 318</b>	<b>651 835 179</b>	<b>32 463 139</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowing	8 000 054	9 196 733	(1 196 679)
Consumer Deposits	5 532 699	5 329 180	203 519
Trade and Other Payables	57 563 063	38 750 388	18 812 675
Provisions and Employee Benefits	16 390 620	16 164 842	225 778
<b>Total Current Liabilities</b>	<b>87 486 437</b>	<b>69 441 143</b>	<b>18 045 293</b>
<b>Non-Current Liabilities</b>			
Borrowing	46 962 845	45 766 166	1 196 679
Provisions and Employee Benefits	102 745 683	95 071 283	7 674 400
<b>Total Non-Current Liabilities</b>	<b>149 708 529</b>	<b>140 837 449</b>	<b>8 871 079</b>
<b>TOTAL LIABILITIES</b>	<b>237 194 966</b>	<b>210 278 593</b>	<b>26 916 372</b>
<b>NET ASSETS</b>	<b>447 103 353</b>	<b>441 556 586</b>	<b>5 546 767</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	409 603 353	406 556 587	3 046 767
Reserves	37 500 000	35 000 000	2 500 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>447 103 353</b>	<b>441 556 586</b>	<b>5 546 767</b>

Refer to note 48.2 for further details relating to material variances.

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# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

#### ADJUSTMENTS TO APPROVED BUDGET

	2021 R	2021 R	2021 R
	(Original Budget)	(Adjustments)	(Final and Approved Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	16 331 795	7 102 934	23 434 729
Call Investment Deposits	10 000 000	30 000 000	40 000 000
Consumer Debtors	61 735 451	(12 904 904)	48 830 547
Other Receivables	9 480 863	(5 628 815)	3 852 049
Current portion of Long-Term Receivables	7 681	(5 115)	2 566
Inventory	1 662 034	274 402	1 936 436
<b>Total Current Assets</b>	<b>99 217 825</b>	<b>18 838 501</b>	<b>118 056 326</b>
<b>Non-Current Assets</b>			
Long-Term Receivables	169 093	(11 089)	158 004
Investment Property	40 181 980	138 509	40 320 489
Property, Plant And Equipment	458 558 510	29 980 946	488 539 456
Intangible Assets	4 206 173	554 731	4 760 904
<b>Total Non Current Assets</b>	<b>503 115 756</b>	<b>30 663 097</b>	<b>533 778 853</b>
<b>TOTAL ASSETS</b>	<b>602 333 581</b>	<b>49 501 598</b>	<b>651 835 179</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Borrowing	6 750 000	2 446 733	9 196 733
Consumer Deposits	5 276 964	52 216	5 329 180
Trade and Other Payables	39 988 516	(1 238 128)	38 750 388
Provisions and Employee Benefits	14 092 805	2 072 037	16 164 842
<b>Total Current Liabilities</b>	<b>66 108 285</b>	<b>3 332 858</b>	<b>69 441 143</b>
<b>Non Current Liabilities</b>			
Borrowing	42 539 333	3 226 833	45 766 166
Provisions and Employee Benefits	82 755 292	12 315 991	95 071 283
<b>Total Non-Current Liabilities</b>	<b>125 294 625</b>	<b>15 542 825</b>	<b>140 837 449</b>
<b>TOTAL LIABILITIES</b>	<b>191 402 910</b>	<b>18 875 682</b>	<b>210 278 593</b>
<b>NET ASSETS</b>	<b>410 930 671</b>	<b>30 625 916</b>	<b>441 556 586</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	390 930 671	15 625 916	406 556 587
Reserves	20 000 000	15 000 000	35 000 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>410 930 671</b>	<b>30 625 916</b>	<b>441 556 586</b>

Refer to note 48.2 for further details relating to material variances.

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# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
<b>REVENUE BY SOURCE</b>			
Property Rates	76 729 997	74 704 000	2 025 997
Service Charges - Electricity Revenue	130 028 154	135 309 800	(5 281 646)
Service Charges - Water Revenue	30 167 902	30 178 400	(10 498)
Service Charges - Sanitation Revenue	14 112 423	12 668 700	1 443 723
Service Charges - Refuse Revenue	20 969 156	19 169 200	1 799 956
Rental Of Facilities and Equipment	2 337 946	1 305 300	1 032 646
Interest Earned - External Investments	3 138 479	2 410 000	728 479
Interest Earned - Outstanding Debtors	2 190 098	1 838 800	351 298
Fines, penalties and forfeits	2 437 260	7 378 500	(4 941 240)
Licences and Permits	2 600	25 400	(22 800)
Agency Services	3 405 218	3 121 000	284 218
Transfers Recognised - Operational	60 005 734	78 381 300	(18 375 566)
Other Revenue	14 164 727	15 231 900	(1 067 173)
Gains on Disposal of Properties	5 782 461	2 200 000	3 582 461
<b>TOTAL OPERATING REVENUE</b>	<b>365 472 155</b>	<b>383 922 300</b>	<b>(18 450 145)</b>
<b>EXPENDITURE BY TYPE</b>			
Employee Related Costs	149 418 095	149 246 586	171 509
Remuneration of Councillors	5 625 636	6 034 300	(408 664)
Debt Impairment	6 678 351	9 568 500	(2 890 149)
Depreciation & Asset Impairment	16 389 220	11 369 200	5 020 020
Finance Charges	9 990 421	11 820 900	(1 830 479)
Bulk Purchases	95 594 817	91 230 300	4 364 517
Contracted Services	22 141 753	18 725 968	3 415 785
Transfers and Grants	3 300 370	3 258 900	41 470
Other Expenditure and Materials	57 082 855	84 705 840	(27 622 985)
Loss on Disposal of Property, Plant and Equipment	344 520	-	344 520
<b>TOTAL OPERATING EXPENDITURE</b>	<b>366 566 037</b>	<b>385 960 494</b>	<b>(19 394 457)</b>
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(1 093 882)</b>	<b>(2 038 194)</b>	<b>944 312</b>
Transfers Recognised - Capital	15 904 232	20 311 600	(4 407 368)
Contributed Assets	1 760 000	1 400 000	360 000
<b>NET SURPLUS FOR THE YEAR</b>	<b>16 570 350</b>	<b>19 673 406</b>	<b>(3 103 056)</b>

Refer to note 48.2 for further details relating to material variances.

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## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

#### ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Original Budget)	2021 R (Adjustments)	2021 R (Approved Budget)	2021 R (Virements)	2021 R (Final Budget)
<b>REVENUE BY SOURCE</b>					
Property Rates	74 061 100	642 900	74 704 000	-	74 704 000
Service Charges - Electricity Revenue	136 457 100	(1 147 300)	135 309 800	-	135 309 800
Service Charges - Water Revenue	30 178 400	-	30 178 400	-	30 178 400
Service Charges - Sanitation Revenue	12 668 700	-	12 668 700	-	12 668 700
Service Charges - Refuse Revenue	19 040 700	128 500	19 169 200	-	19 169 200
Rental of Facilities and Equipment	1 199 700	105 600	1 305 300	-	1 305 300
Interest Earned - External Investments	3 300 000	(890 000)	2 410 000	-	2 410 000
Interest Earned - Outstanding Debtors	1 838 800	-	1 838 800	-	1 838 800
Fines, penalties and forfeits	12 418 500	(5 040 000)	7 378 500	-	7 378 500
Licences and Permits	25 400	-	25 400	-	25 400
Agency Services	3 121 000	-	3 121 000	-	3 121 000
Transfers Recognised - Operational	75 101 870	3 279 430	78 381 300	-	78 381 300
Other Revenue	10 632 600	4 599 300	15 231 900	-	15 231 900
Gains on Disposal of Properties	-	2 200 000	2 200 000	-	2 200 000
<b>TOTAL OPERATING REVENUE</b>	<b>380 043 870</b>	<b>3 878 430</b>	<b>383 922 300</b>	<b>-</b>	<b>383 922 300</b>
<b>EXPENDITURE BY TYPE</b>					
Employee Related Costs	149 348 219	(101 633)	149 246 586	-	149 246 586
Remuneration of Councillors	6 034 300	-	6 034 300	-	6 034 300
Debt Impairment	9 903 500	(335 000)	9 568 500	-	9 568 500
Depreciation & Asset Impairment	11 369 200	-	11 369 200	-	11 369 200
Finance Charges	13 963 270	(2 142 370)	11 820 900	-	11 820 900
Bulk Purchases	91 250 300	(20 000)	91 230 300	-	91 230 300
Contracted Services	14 955 368	3 770 600	18 725 968	-	18 725 968
Transfers and Grants	4 070 900	(812 000)	3 258 900	-	3 258 900
Other Expenditure and Materials	84 728 110	(22 270)	84 705 840	-	84 705 840
<b>TOTAL OPERATING EXPENDITURE</b>	<b>385 623 166</b>	<b>337 328</b>	<b>385 960 494</b>	<b>-</b>	<b>385 960 494</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>					
	<b>(5 579 296)</b>	<b>3 541 102</b>	<b>(2 038 194)</b>	<b>-</b>	<b>(2 038 194)</b>
Transfers Recognised - Capital	14 389 130	5 922 470	20 311 600	-	20 311 600
Contributed Assets	-	1 400 000	1 400 000	-	1 400 000
<b>NET SURPLUS FOR THE YEAR</b>	<b>8 809 834</b>	<b>10 863 572</b>	<b>19 673 406</b>	<b>-</b>	<b>19 673 406</b>

Refer to note 48.2 for further details relating to material variances.

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# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	75 126 383	69 810 156	5 316 228
Service Charges	188 786 206	184 399 306	4 386 900
Other Revenue	21 113 042	27 434 327	(6 321 285)
Government - Operating	72 240 290	78 269 300	(6 029 010)
Government - Capital	26 653 259	20 290 700	6 362 559
Interest	5 328 577	4 128 341	1 200 236
<b>Payments</b>			
Suppliers and Employees	(326 038 343)	(349 150 669)	23 112 325
Finance Charges	(2 497 861)	(3 624 900)	1 127 039
Transfers and Grants	(2 593 984)	(3 258 900)	664 916
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>58 117 570</b>	<b>28 297 661</b>	<b>29 819 908</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Assets	5 791 614	2 200 000	3 591 614
Decrease in Non-Current Receivables	5 954	2 566	3 388
<b>Payments</b>			
Capital Assets	(56 432 448)	(68 581 218)	12 148 770
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(50 634 880)</b>	<b>(66 378 652)</b>	<b>15 743 772</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New Loans Raised	34 200 000	34 200 000	-
Increase in Consumer Deposits	505 171	301 652	203 519
<b>Payments</b>			
Loans Repaid	(6 027 216)	(6 027 216)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>28 677 955</b>	<b>28 474 436</b>	<b>203 519</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>36 160 645</b>	<b>(9 606 556)</b>	<b>45 767 201</b>
Cash and Cash Equivalents at the beginning of the year	73 041 284	73 041 284	-
Cash and Cash Equivalents at the end of the year	109 201 928	63 434 728	45 767 200
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>36 160 645</b>	<b>(9 606 556)</b>	<b>45 767 201</b>

Refer to note 48.2 for further details relating to material variances.

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# CAPE AGULHAS LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

#### ADJUSTMENTS TO APPROVED BUDGET

	2021 R	2021 R	2021 R (Final and Approved Budget)
	(Original Budget)	(Adjustments)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	66 654 990	3 155 166	69 810 156
Service Charges	178 510 410	5 888 896	184 399 306
Other Revenue	18 213 320	9 221 007	27 434 327
Government - Operating	75 101 870	3 167 430	78 269 300
Government - Capital	13 889 130	6 401 570	20 290 700
Interest	4 954 920	(826 579)	4 128 341
<b>Payments</b>			
Suppliers and Employees	(347 026 603)	(2 124 065)	(349 150 669)
Finance Charges	(3 647 900)	23 000	(3 624 900)
Transfers and Grants	(4 070 900)	812 000	(3 258 900)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2 579 237</b>	<b>25 718 424</b>	<b>28 297 661</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	-	2 200 000	2 200 000
Decrease in Non-Current Receivables	7 681	(5 115)	2 566
<b>Payments</b>			
Capital Assets	(62 489 808)	(6 091 410)	(68 581 218)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(62 482 127)</b>	<b>(3 896 525)</b>	<b>(66 378 652)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New Loans Raised	28 440 263	5 759 737	34 200 000
Increase in Consumer Deposits	298 696	2 956	301 652
<b>Payments</b>			
Loans Repaid	(6 500 000)	472 784	(6 027 216)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>22 238 959</b>	<b>6 235 477</b>	<b>28 474 436</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(37 663 931)</b>	<b>28 057 375</b>	<b>(9 606 556)</b>
Cash and Cash Equivalents at the beginning of the year	63 995 726	9 045 558	73 041 284
Cash and Cash Equivalents at the end of the year	26 331 795	37 102 933	63 434 728
<b>NET DECREASE IN CASH HELD</b>	<b>(37 663 931)</b>	<b>28 057 375</b>	<b>(9 606 556)</b>

Refer to note 48.2 for further details relating to material variances.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1 ACCOUNTING POLICIES

#### 1.1 BASIS OF PREPARATION

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

The 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 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 (Revised – November 2013) 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.

#### 1.2 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

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

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 that grant the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

#### 1.3 PRESENTATION CURRENCY

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

#### 1.4 GOING CONCERN ASSUMPTION

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



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.5 COMPARATIVE INFORMATION

#### 1.5.1 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.

#### 1.5.2 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.

### 1.6 MATERIALITY

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

### 1.7 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.

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

#### 1.8.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the Improvements to Standards of GRAP (2020) which was issued during March 2020. The improvements affected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2021
GRAP 13	Leases	1 April 2021
GRAP 16	Investment Property	1 April 2021
GRAP 17	Property Plant and Equipment	1 April 2021
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2021
GRAP 31	Intangible Assets	1 April 2021
GRAP 32	Service Concession Arrangements: Grantor	1 April 2021
GRAP 37	Joint Arrangements	1 April 2021
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2021
Directive 7	The Application of Deemed Cost	1 April 2021

The Municipality also resolved to early adopt the following Interpretation of the Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023

The effect of the above-mentioned improvements and interpretations to the Standards of GRAP which were early adopted is considered insignificant. The amendments and improvements to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 14 - "The Application of Standards of GRAP by Public Entities that apply IFRS Standards" (effective 1 April 2021) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

#### 1.8.2 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, 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:

##### 1.8.2.1 GRAP 104 (Revised 2019) - Financial Instruments

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.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

##### 1.8.2.2 GRAP 25 (Revised 2021) - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant. Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

##### 1.8.2.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

This Interpretation addresses the following:

- (a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.
- (b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.9 INVESTMENT PROPERTY

#### 1.9.1 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 it to be capable of operating in the manner 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 it to be capable of operating in the manner 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.

#### 1.9.2 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.

#### 1.9.3 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 it to be capable of operating in the manner 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.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.9 INVESTMENT PROPERTY (CONTINUED)

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 the a prospective basis.

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

	YEARS
Buildings	100
Land	Indefinite

#### 1.9.4 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.

#### 1.9.5 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.

### 1.10 PROPERTY, PLANT AND EQUIPMENT

#### 1.10.1 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.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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 it to be capable of operating in the manner 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.

#### 1.10.2 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.

#### 1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner 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.

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 are accounted for on a prospective basis.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	YEARS		YEARS
<b>Infrastructure</b>		<b>Land and Buildings</b>	
Roads and Storm water	8 - 99	Buildings and	
Electricity Network	10 - 100	Improvements	10 - 120
Sewerage Network	13 - 89	Land	Indefinite
Water Network	10 - 102		
Refuse Removal	10 - 64	<b>Other Assets</b>	
		Computer Hardware	5 - 20
<b>Community</b>		Furniture and	
Cemeteries	100	Office Equipment	8 - 30
Clinics	100	Vehicles	8 - 50
Community Halls	5 - 100	Special Vehicles	15 - 50
Libraries	10 - 120	Tools and Equipment	8 - 33
Parks & Gardens	20 - 100	Other	10 - 50
Recreation Grounds	50 - 100		
Sports facilities	10 - 100	<b>Capitalised Restoration</b>	
		<b>Cost</b>	
<b>Finance lease assets</b>		Landfill Sites	2 - 52
Office Machines	3 - 15		

#### 1.10.4 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.

#### 1.10.5 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.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.11 INTANGIBLE ASSETS

#### 1.11.1 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.

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 it to be capable of operating in the manner 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 it to be capable of operating in the manner 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.

#### 1.11.2 Subsequent Measurement - Cost Model

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

#### 1.11.3 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.





# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.11 INTANGIBLE ASSETS (CONTINUED)

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 it to be capable of operating in the manner 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 the 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	5 - 10

#### 1.11.4 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.

#### 1.11.5 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.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 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 held with the primary 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.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

#### 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.

### 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.13 INVENTORIES (CONTINUED)

#### 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.

#### 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.14 EMPLOYEE BENEFITS (CONTINUED)

#### 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 Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.14 EMPLOYEE BENEFITS (CONTINUED)

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:

- Wages, salaries and social security contributions;
- 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
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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:

- 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
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

##### 1.14.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at 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 Staff Bonuses Accrued

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



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.14 EMPLOYEE BENEFITS (CONTINUED)

#### 1.14.3.3 Provision for Performance Bonuses

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

### 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 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 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 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.

#### 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.17 FINANCIAL INSTRUMENTS (CONTINUED)

#### 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.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.17 FINANCIAL INSTRUMENTS (CONTINUED)

#### 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.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.18 STATUTORY RECEIVABLES (CONTINUED)

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.

### 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 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 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT 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.

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 RESERVES

#### 1.25.1 Capital Replacement Reserve (CRR)

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

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

- (a) The cash funds that back up the CRR are invested until utilised.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.25 RESERVES (CONTINUED)

- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

### 1.26 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.

#### 1.26.1 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.

##### 1.26.1.1 *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.

##### 1.26.1.2 *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.

##### 1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year, less any cancellations or reductions are recognised as revenue. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.26 REVENUE (CONTINUED)

#### 1.26.1.4 Insurance Receipts

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.

#### 1.26.1.5 Unclaimed deposits

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

#### 1.26.1.6 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.

#### 1.26.1.7 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.

#### 1.26.1.8 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.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.26 REVENUE (CONTINUED)

#### 1.26.2 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.

##### 1.26.2.1 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.

##### 1.26.2.2 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

##### 1.26.2.3 Rental income

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



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.26 REVENUE (CONTINUED)

#### 1.26.2.4 *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.

#### 1.26.2.5 *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.

#### 1.26.2.6 *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.

#### 1.26.2.7 *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.

### 1.27 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.28 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.

### 1.29 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.

### 1.30 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.

### 1.31 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.

### 1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.33 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.

### 1.34 EVENTS AFTER REPORTING DATE

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

- (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.

### 1.35 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.

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.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.35 RELATED PARTIES (CONTINUED)

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

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

### 1.36 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.36 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

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.

### 1.37 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources.

### 1.38 SEGMENT REPORTINGS

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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

Management 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.

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.

### **1.39 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:

#### **1.39.1 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 intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.

#### 1.39.2 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.

#### 1.39.3 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.

#### 1.39.4 Impairment of non-monetary assets

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

#### 1.39.5 Post-Retirement and Long-term Benefits

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



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.39.6 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 the index for earthworks as published by Statistics South Africa.

#### 1.39.7 Distinguishing between 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.

#### 1.39.8 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.

#### 1.39.9 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.

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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.39.10 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.

#### 1.39.11 Applying 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Primary Bank Account	26 198 291	49 235 916
Call and Notice Deposits	82 989 000	23 789 000
Cash Floats	14 637	16 368
<b>Total</b>	<b>109 201 928</b>	<b>73 041 284</b>

Due to the short term nature of cash deposits, all balances included above is in line with their fair value

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	13 089 026	291 975
Unspent Public Contributions	94 969	106 567
Unspent Annuity Loans	13 853 578	13 183 804
Unspent Housing Allocation (Rent-to-Own)	10 000 000	-
Capital Replacement Reserve	37 500 000	35 000 000
Committed Investments	3 789 000	3 789 000
Working Capital Requirements	30 875 354	20 669 937
<b>Total</b>	<b>109 201 928</b>	<b>73 041 284</b>

### Primary Bank Account

Bredasdorp ABSA - Account number 40 5883 2586

Bank Statement Balance - Opening Balance	48 749 473	26 805 860
Bank Statement Balance - Closing Balance	25 290 293	48 749 473
Cashbook Balance - Opening Balance	49 235 916	25 468 502
Cashbook Balance - Closing Balance	26 198 291	49 235 916

### Other Bank Accounts

Bredasdorp ABSA - Account number 40 6412 1626

The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2020 and 30 June 2021.

Guarantees relating to the following entities are held at ABSA:

The Post Office

**50 000**

**50 000**



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>2 CASH AND CASH EQUIVALENTS (CONTINUED)</b>		
<b>Call and Notice Deposits</b>		
Call and Notice Deposits consist out of the following		
ABSA - Acc No 2078493223	1 254 000	1 254 000
ABSA - Acc No 2079252816	2 535 000	2 535 000
Nedbank - Acc No 7881714298/155	-	20 000 000
Nedbank - Acc No 7881714298/161	25 000 000	-
Nedbank - Acc No 7881714298/162	34 200 000	-
Standard Bank - Acc No 478526628	20 000 000	-
<b>Total</b>	<b>82 989 000</b>	<b>23 789 000</b>

Interest between 4.13% and 4.85% (2020 - 4.50% and 6.52%) were attracted by these short term deposits.

The ABSA Investments, Acc No 2078493223 and Acc No 2079252816, are attached to a guarantee provided by the municipality to Eskom (Electricity Account Guarantee). These deposits are fixed for a period of 12 months from 31 May 2021 and 14 June 2021 (2020 - 1 June 2020 and 12 June 2020) respectively.

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2021

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>55 753 421</b>	<b>23 562 983</b>	<b>32 190 438</b>
Electricity	17 758 408	3 182 138	14 576 270
Water	10 638 796	6 021 338	4 617 458
Refuse	7 627 251	4 756 491	2 870 760
Sewerage	5 320 181	3 400 132	1 920 049
Other Services	14 408 785	6 202 884	8 205 901
<b>Other Receivables</b>	<b>6 425 341</b>	<b>-</b>	<b>6 425 341</b>
Asset Sales	4 155 369	-	4 155 369
Accrued Interest	158 869	-	158 869
Payments in Advance	1 465 629	-	1 465 629
Other Arrears	645 475	-	645 475
<b>Total</b>	<b>62 178 762</b>	<b>23 562 983</b>	<b>38 615 778</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

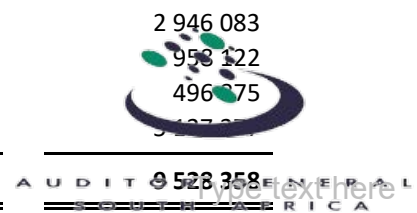
### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2020

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>52 035 317</b>	<b>23 812 363</b>	<b>28 222 954</b>
Electricity	18 310 873	4 146 901	14 163 972
Water	9 528 358	4 958 641	4 569 717
Refuse	7 009 415	4 141 626	2 867 790
Sewerage	4 717 433	2 774 335	1 943 098
Other Services	12 469 238	7 790 861	4 678 378
<b>Other Receivables</b>	<b>7 842 723</b>	-	<b>7 842 723</b>
Asset Sales	5 921 867	-	5 921 867
Accrued Interest	47 203	-	47 203
Payments in Advance	1 392 053	-	1 392 053
Other Arrears	481 599	-	481 599
<b>Total</b>	<b>59 878 040</b>	<b>23 812 363</b>	<b>36 065 677</b>
<b>Balance Previously Reported</b>	<b>59 786 040</b>	<b>23 812 363</b>	<b>35 973 677</b>
Prior Period Adjustment - Refer to note 45.01	92 000	-	92 000
<b>Restated Balance on 30 June 2020</b>	<b>59 878 040</b>	<b>23 812 363</b>	<b>36 065 677</b>

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2021 R	2020 R
<b>Ageing of service receivables:</b>		
<b>Electricity Ageing</b>		
Current (0 - 30 days)	12 627 371	11 113 505
Past Due (31 - 60 Days)	1 519 233	2 036 595
Past Due (61 - 90 Days)	463 944	978 629
Past Due (90 Days +)	3 147 860	4 182 144
<b>Total</b>	<b>17 758 408</b>	<b>18 310 873</b>
<b>Water Ageing</b>		
Current (0 - 30 days)	3 296 905	2 946 083
Past Due (31 - 60 Days)	865 901	958 122
Past Due (61 - 90 Days)	509 284	496 075
Past Due (90 Days +)	5 966 705	5 127 211
<b>Total</b>	<b>10 638 796</b>	<b>9 528 358</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Refuse Ageing</b>		
Current (0 - 30 days)	1 696 850	1 571 884
Past Due (31 - 60 Days)	623 509	668 537
Past Due (61 - 90 Days)	331 179	419 918
Past Due (90 Days +)	4 975 713	4 349 077
<b>Total</b>	<b>7 627 251</b>	<b>7 009 415</b>
<b>Sewerage Ageing</b>		
Current (0 - 30 days)	1 064 915	1 029 733
Past Due (31 - 60 Days)	390 977	456 862
Past Due (61 - 90 Days)	231 134	266 629
Past Due (90 Days +)	3 633 156	2 964 209
<b>Total</b>	<b>5 320 181</b>	<b>4 717 433</b>
<b>Other Services Ageing</b>		
Current (0 - 30 days)	4 372 090	2 414 610
Past Due (31 - 60 Days)	2 499 583	1 327 606
Past Due (61 - 90 Days)	634 291	472 325
Past Due (90 Days +)	6 902 820	8 254 697
<b>Total</b>	<b>14 408 785</b>	<b>12 469 238</b>
<b>Total Service Receivables Ageing</b>		
Current (0 - 30 days)	23 058 132	19 075 815
Past Due (31 - 60 Days)	5 899 203	5 447 722
Past Due (61 - 90 Days)	2 169 832	2 634 375
Past Due (90 Days +)	24 626 255	24 877 405
<b>Total</b>	<b>55 753 421</b>	<b>52 035 317</b>

### Ageing per Customer Classification - 30 June 2021

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	13 940 009	8 540 434	577 689
Past Due (31 - 60 Days)	3 350 503	2 433 967	114 732
Past Due (61 - 90 Days)	1 804 936	290 692	74 203
Past Due (90 Days +)	22 338 224	1 215 414	502 617
<b>Sub-Total</b>	<b>41 433 672</b>	<b>12 480 507</b>	<b>1 839 242</b>
Less Allowance for Impairment	(22 297 440)	(1 265 544)	
<b>Total</b>	<b>19 136 232</b>	<b>11 214 964</b>	<b>1 839 242</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing per Customer Classification - 30 June 2020

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	12 419 435	6 313 671	342 709
Past Due (31 - 60 Days)	4 174 120	1 106 275	167 327
Past Due (61 - 90 Days)	1 845 032	656 784	132 559
Past Due (90 Days +)	20 674 541	3 356 505	846 359
<b>Sub-Total</b>	<b>39 113 128</b>	<b>11 433 235</b>	<b>1 488 954</b>
Less Allowance for Impairment	(20 479 686)	(3 332 677)	-
<b>Total</b>	<b>18 633 442</b>	<b>8 100 558</b>	<b>1 488 954</b>

Included in Consumers are indigent balances amounting to R 1 035 320 (2020 - R 340 012). These balances were fully impaired.

	2021 R	2020 R
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	23 812 363	17 527 531
Contribution to the provision	2 904 218	12 055 419
Electricity	(706 260)	1 678 472
Water	2 197 315	3 078 582
Refuse	1 164 907	2 210 098
Sewerage	1 001 903	1 616 783
Other Services	(753 648)	3 471 484
Bad Debts Written off	(3 153 598)	(5 770 587)
Electricity	(258 503)	(421 710)
Water	(1 134 618)	(2 209 839)
Refuse	(550 042)	(1 238 957)
Sewerage	(376 105)	(996 685)
Other Services	(834 329)	(903 397)
<b>Balance at the end of the year</b>	<b>23 562 983</b>	<b>23 812 363</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, 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.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2021

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>13 976 505</b>	<b>6 270 416</b>	<b>7 706 089</b>
Rates	13 976 505	6 270 416	7 706 089
<b>Other Receivables</b>	<b>5 567 998</b>	<b>4 805 361</b>	<b>762 637</b>
Unpaid Fines	5 392 380	4 805 361	587 019
Sundry Deposits	175 618	-	175 618
<b>Total</b>	<b>19 544 503</b>	<b>11 075 777</b>	<b>8 468 726</b>

30 JUNE 2020

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>12 672 213</b>	<b>6 366 727</b>	<b>6 305 486</b>
Rates	12 672 213	6 366 727	6 305 486
<b>Other Receivables</b>	<b>14 522 268</b>	<b>12 447 238</b>	<b>2 075 030</b>
Unpaid Fines	14 346 650	12 447 238	1 899 412
Sundry Deposits	175 618	-	175 618
<b>Total</b>	<b>27 194 481</b>	<b>18 813 965</b>	<b>8 380 517</b>

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

#### Ageing of service receivables:

##### Rates Ageing

	2021	2020
	R	R
Current (0 - 30 days)	4 516 941	3 573 827
Past Due (31 - 60 Days)	1 833 817	1 213 491
Past Due (61 - 90 Days)	493 848	595 193
Past Due (90 Days +)	7 131 900	7 289 703
<b>Total</b>	<b>13 976 505</b>	<b>12 672 213</b>



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing per Customer Classification - 30 June 2021

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	3 593 515	286 049	637 377
Past Due (31 - 60 Days)	872 605	866 764	94 448
Past Due (61 - 90 Days)	402 133	23 531	68 184
Past Due (90 Days +)	5 970 777	119 106	1 042 017
<b>Sub-Total</b>	<b>10 839 030</b>	<b>1 295 449</b>	<b>1 842 026</b>
Less Allowance for Impairment	(6 137 440)	(132 976)	-
<b>Total</b>	<b>4 701 590</b>	<b>1 162 473</b>	<b>1 842 026</b>

#### Ageing per Customer Classification - 30 June 2020

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	3 171 088	264 790	137 949
Past Due (31 - 60 Days)	1 042 114	72 849	98 528
Past Due (61 - 90 Days)	467 913	42 045	85 234
Past Due (90 Days +)	5 557 959	680 913	1 050 831
<b>Sub-Total</b>	<b>10 239 075</b>	<b>1 060 597</b>	<b>1 372 542</b>
Less Allowance for Impairment	(5 697 043)	(669 684)	-
<b>Total</b>	<b>4 542 032</b>	<b>390 913</b>	<b>1 372 542</b>

Included in Consumers are indigent balances amounting to R 293 776 (2020 - R 152 775). These balances were fully impaired.

	2021 R	2020 R
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	18 813 965	23 766 382
Contribution to the provision	2 490 484	7 887 996
Rates	203 011	9 164
Fines	2 287 473	7 878 831
Bad Debts Written off	(10 228 672)	(12 840 413)
Rates	(299 322)	(36 063)
Fines	(9 929 350)	(12 104 350)
<b>Balance at the end of the year</b>	<b>11 075 777</b>	<b>18 813 965</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, 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.

	2021 R	2020 R
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### 5 OPERATING LEASES

#### 5.1 OPERATING LEASE ASSETS

Operating Lease Asset	<u>329 524</u>	<u>328 033</u>
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The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset:

Balance at the beginning of the year	328 033	321 642
Movement during the year	<u>1 491</u>	<u>6 391</u>
Balance at the end of the year	<u>329 524</u>	<u>328 033</u>

The municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	630 641	813 440
Between 1 and 5 Years	2 043 763	2 437 417
After 5 Years	<u>605 341</u>	<u>842 327</u>
<b>Total</b>	<u>3 279 744</u>	<u>4 093 184</u>

The prior year commitment not was restated from R 4 034 402 to R 4 093 184 to correct errors in calculation.

The lease payments are in respect of properties being lease out over a period ranging up to 2032 (2020 - 2032).

#### 5.2 OPERATING LEASE LIABILITIES

Operating Lease Liability	<u>38 334</u>
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The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>5 OPERATING LEASES (CONTINUED)</b>		
Reconciliation of Operating Lease Liability:		
Balance at the beginning of the year	31 501	29 000
Movement during the year	6 833	2 502
Balance at the end of the year	<b>38 334</b>	<b>31 501</b>

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	1 239 078	346 923
Between 1 and 5 Years	1 817 107	444 028
<b>Total</b>	<b>3 056 185</b>	<b>790 952</b>

The operating lease liability relates to the following lease arrangements:

The "Old Nedbank Gebou" and "Tourism Building". The lease terms will end on 31 December 2020 and 30 June 2024 respectively. The lease agreement relating to the "Tourism Building" commenced in the 2019/20 financial year on 1 July 2019.

A new operating lease agreement was entered into with Nashua relating to the rental of printers. Based on the terms of the agreement and the GRAP 13 assessment, it was considered appropriate to classify the arrangement as an operating lease rather than a finance lease. The lease commenced on 1 October 2020 and expires on 30 September 2023. The lease amount payable is R 70 740 per month (VAT Exclusive) and there are no escalation over the lease term.

### 6 LONG-TERM RECEIVABLES

Receivables with Repayment Arrangements	4 757 494	3 436 621
Individual Housing Loans	157 181	163 135
<b>Total Gross Balance</b>	<b>4 914 676</b>	<b>3 599 756</b>
Less: Allowance for Debt Impairment	(4 757 494)	(3 436 621)
<b>Total Net Balance</b>	<b>157 181</b>	<b>163 135</b>
Less: Current portion of Long-term Receivables	(2 943)	(2 566)
Individual Housing Loans	(2 943)	(2 566)
<b>Total</b>	<b>154 238</b>	<b>160 569</b>

#### Individual Housing Loans

The loans was granted to facilitate housing schemes in the municipal area.

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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 6 LONG-TERM RECEIVABLES (CONTINUED)

#### Receivables with repayment arrangements

On 30 June 2021, debtors amounting to R 4 757 494 (2020 - R 3 436 621) have made arrangements to settle their accounts over an re-negotiated period. Total payments to the value of R 2 573 151 (2020 - R 2 265 063) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables. Total payments to the value of R 2 184 343 (2020 - R 1 171 557) are due within the next 12 month. As these amount are fully impaired, there are no balance to be transferred to current receivables.

	2021 R	2020 R
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	3 436 621	2 768 483
Contribution to the provision	1 320 873	668 138
<b>Balance at the end of the year</b>	<b>4 757 494</b>	<b>3 436 621</b>

The allowance for impairment only relates to Receivables with repayment arrangements. Receivables with repayment arrangements are impaired in full. Management has taken a conservative approach to impair the debtors in full. This is due to historic poor collection rates of the said receivables.

### 7 INVENTORY

Consumables	1 487 785	1 881 084
Water	77 713	55 352
<b>Total</b>	<b>1 565 498</b>	<b>1 936 436</b>

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

No Inventory losses or surpluses were identified during the annual stores counts.

Inventory recognised as an expense during the year.

Included in the balance reported is inventory amounting to R 17 561 which is in Police custody to be used as evidence in theft case. The stock will be recovered once the legal matter is finalised.

3 026 711	2 74 867
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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 8 INVESTMENT PROPERTY

Investment Property - Carrying Value 40 319 859 40 329 389

The movement in investment properties is reconciled as follows:

	<b>40 329 389</b>	<b>40 199 780</b>
<b>Opening Carrying Value</b>		
Cost	40 483 082	40 344 944
Accumulated Depreciation	(153 694)	(145 164)
Additions	-	313 064
Depreciation for the year	(8 530)	(8 530)
Disposals	(1 000)	(174 925)
<b>Closing Carrying Value</b>	<b>40 319 859</b>	<b>40 329 389</b>
Cost	40 482 082	40 483 082
Accumulated Depreciation	(162 224)	(153 694)

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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 9 PROPERTY PLANT AND EQUIPMENT

30 June 2021	Cost				Accumulated Depreciation				Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	
<b>Land and Buildings</b>	<b>92 243 413</b>	<b>1 897 380</b>	<b>(8 153)</b>	<b>94 132 639</b>	<b>11 600 457</b>	<b>409 115</b>	<b>-</b>	<b>12 009 572</b>	<b>-</b>	<b>306 749</b>	<b>306 749</b>	<b>81 816 318</b>
Land	58 611 558	477 000	(8 153)	59 080 404	-	-	-	-	-	-	-	59 080 404
Buildings	33 631 855	1 420 380	-	35 052 235	11 600 457	409 115	-	12 009 572	-	306 749	306 749	22 735 914
<b>Capitalised Restoration Cost</b>	<b>28 302 701</b>	<b>6 127 153</b>	<b>-</b>	<b>34 429 854</b>	<b>21 355 488</b>	<b>896 722</b>	<b>-</b>	<b>22 252 211</b>	<b>3 116 266</b>	<b>180 372</b>	<b>3 296 638</b>	<b>8 881 005</b>
<b>Infrastructure</b>	<b>372 437 793</b>	<b>46 768 369</b>	<b>(29 982)</b>	<b>419 176 180</b>	<b>84 762 976</b>	<b>9 572 458</b>	<b>(11 642)</b>	<b>94 323 792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>324 852 388</b>
Roads and Storm water	154 494 730	8 467 265	(29 982)	162 932 013	25 945 134	4 136 958	(11 642)	30 070 451	-	-	-	132 861 563
Electricity Network	81 049 583	6 036 051	-	87 085 634	18 659 362	2 224 064	-	20 883 426	-	-	-	66 202 208
Sewerage Network	70 658 211	29 981 505	-	100 639 716	16 780 239	1 648 207	-	18 428 446	-	-	-	82 211 270
Water Network	63 585 379	2 283 548	-	65 868 927	21 694 051	1 510 925	-	23 204 977	-	-	-	42 663 950
Refuse Removal	2 649 891	-	-	2 649 891	1 684 190	52 304	-	1 736 494	-	-	-	913 397
<b>Community Assets</b>	<b>36 593 159</b>	<b>3 111 649</b>	<b>-</b>	<b>39 704 808</b>	<b>4 383 781</b>	<b>767 194</b>	<b>-</b>	<b>5 150 975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34 553 833</b>
Cemeteries	320 729	-	-	320 729	12 543	4 164	-	16 707	-	-	-	304 022
Clinics	201 995	-	-	201 995	37 692	1 920	-	39 612	-	-	-	162 382
Community Halls	13 784 743	-	-	13 784 743	916 446	149 715	-	1 066 161	-	-	-	12 718 581
Libraries	4 878 443	-	-	4 878 443	1 730 922	69 570	-	1 800 491	-	-	-	3 077 952
Parks & Gardens	5 114 918	1 557 350	-	6 672 268	594 974	193 220	-	788 195	-	-	-	5 884 074
Recreation Grounds	1 766 423	-	-	1 766 423	366 504	24 678	-	391 182	-	-	-	1 375 241
Sports facilities	6 611 927	1 225 722	-	7 837 649	687 728	224 780	-	912 507	-	-	-	6 925 142
Markets	3 913 982	328 577	-	4 242 558	36 972	99 147	-	136 119	-	-	-	4 106 439
<b>Lease Assets</b>	<b>1 177 811</b>	<b>-</b>	<b>(1 177 811)</b>	<b>-</b>	<b>971 678</b>	<b>26 975</b>	<b>(998 653)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Leased Assets - Office Machines	1 177 811	-	(1 177 811)	-	971 678	26 975	(998 653)	-	-	-	-	-
<b>Other Assets</b>	<b>49 869 602</b>	<b>6 105 891</b>	<b>(696 312)</b>	<b>55 279 181</b>	<b>21 241 251</b>	<b>3 537 346</b>	<b>(549 291)</b>	<b>24 229 307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31 049 874</b>
Computer Hardware	8 242 158	2 237 924	(274 878)	10 205 204	3 408 127	975 354	(225 620)	4 157 860	-	-	-	6 047 343
Furniture and Office Equipment	8 881 193	920 430	(145 670)	9 655 952	3 806 316	758 099	(86 335)	4 478 080	-	-	-	5 177 873
Vehicles	15 691 186	445 110	(176 589)	15 959 707	8 117 003	744 157	(148 661)	8 712 500	-	-	-	7 247 207
Special Vehicles	5 332 347	1 748 673	-	7 081 021	1 323 879	216 406	-	1 540 285	-	-	-	5 547 736
Tools and Equipment	9 322 129	716 004	(87 335)	9 950 798	3 013 517	737 616	(78 767)	3 672 366	-	-	-	6 278 452
Other	2 400 590	37 750	(11 840)	2 426 499	1 572 408	105 715	(9 908)	1 668 216	-	-	-	758 283
<b>Total</b>	<b>580 624 479</b>	<b>64 010 442</b>	<b>(1 912 259)</b>	<b>642 722 661</b>	<b>144 315 632</b>	<b>15 209 810</b>	<b>(1 559 586)</b>	<b>157 965 856</b>	<b>3 116 266</b>	<b>487 122</b>	<b>3 603 388</b>	<b>481 153 410</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2020	Cost				Accumulated Depreciation				Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	
<b>Land and Buildings</b>	<b>88 850 003</b>	<b>3 413 410</b>	<b>(20 000)</b>	<b>92 243 413</b>	<b>11 247 137</b>	<b>353 320</b>	<b>-</b>	<b>11 600 457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80 642 955</b>
Land	58 631 558	-	(20 000)	58 611 558	-	-	-	-	-	-	-	58 611 558
Buildings	30 218 445	3 413 410	-	33 631 855	11 247 137	353 320	-	11 600 457	-	-	-	22 031 398
<b>Capitalised Restoration Cost</b>	<b>30 364 032</b>	<b>442 530</b>	<b>(2 503 860)</b>	<b>28 302 701</b>	<b>20 465 152</b>	<b>890 337</b>	<b>-</b>	<b>21 355 488</b>	<b>3 111 879</b>	<b>4 387</b>	<b>3 116 266</b>	<b>3 830 946</b>
<b>Infrastructure</b>	<b>345 199 481</b>	<b>27 347 382</b>	<b>(109 071)</b>	<b>372 437 793</b>	<b>75 557 845</b>	<b>9 236 633</b>	<b>(31 502)</b>	<b>84 762 976</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287 674 817</b>
Roads and Storm water	146 735 730	7 759 000	-	154 494 730	22 189 301	3 755 833	-	25 945 134	-	-	-	128 549 596
Electricity Network	70 758 391	10 380 762	(89 571)	81 049 583	16 584 874	2 105 989	(31 502)	18 659 362	-	-	-	62 390 221
Sewerage Network	65 172 265	5 485 946	-	70 658 211	14 864 425	1 915 814	-	16 780 239	-	-	-	53 877 972
Water Network	60 433 437	3 171 442	(19 500)	63 585 379	20 290 186	1 403 866	-	21 694 051	-	-	-	41 891 328
Refuse Removal	2 099 659	550 232	-	2 649 891	1 629 058	55 132	-	1 684 190	-	-	-	965 701
<b>Community Assets</b>	<b>32 472 651</b>	<b>4 120 508</b>	<b>-</b>	<b>36 593 159</b>	<b>3 701 528</b>	<b>682 253</b>	<b>-</b>	<b>4 383 781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32 209 378</b>
Cemeteries	320 729	-	-	320 729	8 379	4 164	-	12 543	-	-	-	308 186
Clinics	201 995	-	-	201 995	35 772	1 920	-	37 692	-	-	-	164 302
Community Halls	13 742 671	42 071	-	13 784 743	767 337	149 110	-	916 446	-	-	-	12 868 296
Libraries	4 878 443	-	-	4 878 443	1 661 352	69 570	-	1 730 922	-	-	-	3 147 521
Parks & Gardens	4 857 743	257 175	-	5 114 918	412 920	182 054	-	594 974	-	-	-	4 519 944
Recreation Grounds	1 766 423	-	-	1 766 423	341 826	24 678	-	366 504	-	-	-	1 399 919
Sports facilities	5 731 938	879 989	-	6 611 927	473 942	213 786	-	687 728	-	-	-	5 924 199
Markets	972 709	2 941 272	-	3 913 982	-	36 972	-	36 972	-	-	-	3 877 010
<b>Lease Assets</b>	<b>1 177 811</b>	<b>-</b>	<b>-</b>	<b>1 177 811</b>	<b>810 272</b>	<b>161 406</b>	<b>-</b>	<b>971 678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206 133</b>
Leased Assets - Office Machines	1 177 811	-	-	1 177 811	810 272	161 406	-	971 678	-	-	-	206 133
<b>Other Assets</b>	<b>43 750 147</b>	<b>6 526 308</b>	<b>(406 853)</b>	<b>49 869 602</b>	<b>18 357 206</b>	<b>3 155 027</b>	<b>(270 982)</b>	<b>21 241 251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 628 351</b>
Computer Hardware	6 935 386	1 502 029	(195 256)	8 242 158	2 727 254	803 174	(122 301)	3 408 127	-	-	-	4 834 031
Furniture and Office Equipment	7 900 198	1 079 946	(98 951)	8 881 193	3 223 448	651 170	(68 302)	3 806 316	-	-	-	5 074 876
Vehicles	13 272 116	2 419 069	-	15 691 186	7 384 549	732 454	-	8 117 003	-	-	-	7 574 182
Special Vehicles	5 156 347	176 000	-	5 332 347	1 128 187	195 692	-	1 323 879	-	-	-	4 008 468
Tools and Equipment	8 133 399	1 273 264	(84 535)	9 322 129	2 414 459	662 431	(63 373)	3 013 517	-	-	-	6 308 517
Other	2 352 700	76 000	(28 111)	2 400 590	1 479 309	110 106	(17 007)	1 572 408	-	-	-	928 101
<b>Total</b>	<b>541 814 125</b>	<b>41 850 138</b>	<b>(3 039 784)</b>	<b>580 624 479</b>	<b>130 139 139</b>	<b>14 478 977</b>	<b>(302 484)</b>	<b>144 315 632</b>	<b>3 111 879</b>	<b>4 387</b>	<b>3 116 266</b>	<b>433 192 582</b>
Balance Previously Reported	538 376 062	41 850 138	(2 999 600)	577 226 600	130 117 887	14 476 494	(302 484)	144 291 897	3 111 879	4 387	3 116 266	429 818 433
Restated - Refer to note 45.02	3 438 063	-	(40 184)	3 397 878	21 252	2 483	-	23 735	-	-	-	3 374 143
<b>Restated on 30 June 2019</b>	<b>541 814 125</b>	<b>41 850 138</b>	<b>(3 039 784)</b>	<b>580 624 479</b>	<b>130 139 139</b>	<b>14 478 977</b>	<b>(302 484)</b>	<b>144 315 632</b>	<b>3 111 879</b>	<b>4 387</b>	<b>3 116 266</b>	<b>433 192 582</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)</b>		
<p>The impairment on buildings relates to the building donated by P &amp; B Limeworks during the year which was damaged during a fire. 24% of the property was damaged.</p> <p>The following work in progress balances are included in PPE. No Depreciation charge is recognised against these amounts.</p>		
Infrastructure - Roads and Storm water	2 758 510	2 080 590
Infrastructure - Electricity Network	8 203 320	12 206 297
Infrastructure - Sewerage Network	36 076 718	6 252 213
Infrastructure - Water Network	46 071	-
Community Assets - Markets	-	1 157 893
<b>Total Work in Progress (WIP)</b>	<b>47 084 619</b>	<b>21 696 992</b>

The significant increase in the Sewerage work in progress balance can be attributed to the Bredasdorp Waste Water Treatments works which was not ready for use on 30 June 2021. Although the civil works are completed, the mechanical- and electrical work are not yet finalised.

The COVID 19 pandemic contributed to the delays experienced in completing projects, however no delays are considered to be "significant" that warrants any further disclosure of individual projects as required by GRAP 17 paragraph 87 (b).

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cape Agulhas Municipality.

Refer to note 19 for more detail relating to this asset financed by way of a provision



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>10 INTANGIBLE ASSETS</b>		
Intangible Assets - Carrying Value	<u>4 486 405</u>	<u>4 861 004</u>
The movement in intangible assets is reconciled as follows:		
<b>Opening Carrying Value</b>	<b>4 861 004</b>	<b>4 705 373</b>
Cost	6 768 112	6 488 339
Accumulated Amortisation	(1 907 107)	(1 782 966)
Additions	309 159	882 934
Disposals	-	(9 397)
Cost	-	(603 162)
Accumulated Amortisation	-	593 764
Amortisation for the year	(683 759)	(717 906)
<b>Closing Carrying Value</b>	<b>4 486 405</b>	<b>4 861 004</b>
Cost	7 077 271	6 768 112
Accumulated Amortisation	(2 590 866)	(1 907 107)
<b>Work in Progress</b>	<b>220 704</b>	<b>-</b>

Work In Progress is included in carrying value of intangible assets. No Amortisation charge is recognised against these amounts.

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

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



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>11 LONG-TERM LIABILITIES</b>		
Annuity Loans	54 962 900	26 790 115
<b>Sub-Total</b>	<b>54 962 900</b>	<b>26 790 115</b>
Less: Current portion of Long-term Liabilities	8 000 054	6 027 216
Annuity Loans	8 000 054	6 027 216
<b>Total</b>	<b>46 962 845</b>	<b>20 762 900</b>

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

The municipality opted to finance assets from external funding during the current and previous financial year. Detail are as follows:

Opening Balance - Unspent Loans	13 183 804	20 893 080
Assets purchased	(33 530 226)	(7 709 276)
Annuity Loans Raised	34 200 000	-
<b>Closing Balance - Unspent Loans</b>	<b>13 853 578</b>	<b>13 183 804</b>

The unspent loans relates to Annuity Loans raised at Standard Bank during June 2021. The remainder of the unspent funding will be utilised on capital projects included in the approved budget of the municipality after year-end.

### Annuity Loans

Amalgamated Banks of South Africa (ABSA)	2 462 900	3 123 449
--	-----------	-----------

Interest is calculated between 9.84% and 10.60% (2020 - 9.84% and 10.60%) interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2027 . Annuity loans consist out of 6 (2020 - 6) loan agreements

Nedbank	18 300 000	23 666 667
---------	------------	------------

Interest is calculated between 9.20% and 10.35% (2020 - 9.20% and 10.35%) interest rate. Loan period ranges from 3 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2029 . Annuity loans consist out of 6 (2020 - 6) loan agreements.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>11 LONG-TERM LIABILITIES (CONTINUED)</b>		
Standard Bank	34 200 000	-
Interest is calculated between 5.94% and 6.32% interest rate. Loan period ranges from 3 to 10 year and loans will be redeemed between 30 June 2024 and 30 June 2031 . Annuity loans consist out of 3 loan agreements.		
	<b>54 962 900</b>	<b>26 790 115</b>
Further detail relating to Annuity Loans is included in Appendix A.		
Annuity loans are payable as follows:		
Payable within one year	11 960 073	8 525 487
Payable within two to five years	36 503 211	19 376 510
Payable after five years	23 647 578	8 345 535
<b>Total amount payable</b>	<b>72 110 862</b>	<b>36 247 532</b>
<b>Less:</b> Outstanding Future Finance Charges	(17 147 962)	(9 457 416)
<b>Present value of annuity loans</b>	<b>54 962 900</b>	<b>26 790 115</b>

### Finance Lease Liabilities

The lease term of all finance lease agreements have reached its end and the assets associated with these agreements were returned to the supplier during the year. The related finance lease assets were derecognised on 30 September 2020.

### 12 CONSUMER DEPOSITS

Electricity	3 213 492	3 009 076
Water	2 319 206	2 018 452
<b>Total</b>	<b>5 532 699</b>	<b>5 027 528</b>
Guarantees held in lieu of Electricity and Water Deposits	<b>172 000</b>	<b>172 000</b>

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

13 PAYABLES FROM EXCHANGE TRANSACTIONS	2021 R	2020 R
Trade Payables	25 276 203	29 103 078
Retentions	4 803 829	1 770 009
Pre-Paid Electricity	464 787	453 610
Debtors with credit balances	1 845 515	2 141 173
Department of Housing	10 655 415	468 883
Rent-to-Own Allocation	10 000 000	-
Other funds received	655 415	468 883
Sundry Creditors	678 671	954 263
Sundry Deposits	580 052	689 469
<b>Total</b>	<b>44 304 472</b>	<b>35 580 486</b>

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.

### Department of Housing

The municipality performs certain activities on behalf of the department of housing in order to execute their housing mandate. These activities, which mainly relates to the channelling of funds from the department to the housing contractors through the municipality's bank account, are performed on an agency-principle basis.

Included in the payable at 30 June 2021 is a amount of R 10 million received during the financial year relating to the "Rent-to-Own" initiative of the Department of Housing which will be implemented after year-end.

The following funds were channelled through the municipality during the period under review:

Opening Balance	468 883	1 524 588
Funds Received	23 321 786	54 249 168
Expenditure incurred	(13 135 254)	(55 304 873)
<b>Unspent Balance</b>	<b>10 655 415</b>	<b>468 883</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>14 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
National Government	2 093 000	5 526
Provincial Government	10 996 026	286 449
<b>Total</b>	<b>13 089 026</b>	<b>291 975</b>

Detail reconciliations of all grants received and grant conditions met are included in note 22. Unspent grant balances are recognised to the extent that conditions are not yet met.

Also refer to Appendix D for further detail relating to grants.

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.

### 15 UNSPENT PUBLIC CONTRIBUTIONS

Mayoral Golf Day	94 969	106 567
<b>Total</b>	<b>94 969</b>	<b>106 567</b>

Detail reconciliations of all public contributions received are included in note 23. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.

### 16 TAXES

VAT Output in Suspense	3 568 519	3 349 338
VAT Input in Suspense	(3 282 870)	(3 005 171)
VAT Payable to/(Refundable from) SARS	(249 387)	(203 111)
Balance Previously Reported		(215 111)
Prior Period Adjustment - Refer to note 45.03		12 000
<b>Total</b>	<b>36 261</b>	<b>141 056</b>

VAT is accounted for on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

17	<b>CURRENT EMPLOYEE BENEFITS</b>	<b>2021</b> R	<b>2020</b> R
	Post Retirement Medical Benefits	1 332 000	1 196 000
	Balance Previously Reported		1 397 000
	Prior Period Adjustment - Refer to note 45.04		(201 000)
	Long Service Awards	1 249 000	1 105 000
	Performance Bonuses	418 759	443 609
	Bonuses	4 102 540	3 731 940
	Staff Leave	9 288 321	8 572 302
	<b>Total</b>	<b>16 390 620</b>	<b>15 048 851</b>

The movement in current employee benefits are reconciled as follows:

### Performance Bonuses

Opening Balance	443 609	309 606
Contribution/(Reduction) during the year	415 248	486 308
Payments made	(440 099)	(352 305)
<b>Closing Balance</b>	<b>418 759</b>	<b>443 609</b>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

### Bonuses

Opening Balance	3 731 940	3 459 845
Contribution during the year	7 425 100	6 820 472
Payments made	(7 054 501)	(6 548 377)
<b>Closing Balance</b>	<b>4 102 540</b>	<b>3 731 940</b>

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. There is no possibility of reimbursement.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>17 CURRENT EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>Staff Leave</b>		
Opening Balance	8 572 302	6 546 192
Contribution during the year	2 328 758	2 795 306
Payments made	(1 612 739)	(769 196)
<b>Closing Balance</b>	<b>9 288 321</b>	<b>8 572 302</b>
<p>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 in the event of encashment. There is no possibility of reimbursement.</p>		
<b>18 EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	37 319 000	29 548 000
Long Service Awards	9 143 000	8 643 000
<b>Sub-Total</b>	<b>46 462 000</b>	<b>38 191 000</b>
Less: Current portion of Employee Benefits	<b>2 581 000</b>	<b>2 301 000</b>
Post Retirement Medical Benefits	1 332 000	1 196 000
Long Service Awards	1 249 000	1 105 000
<b>Total</b>	<b>43 881 000</b>	<b>35 890 000</b>
<b>Balance Previously Reported</b>		<b>40 989 000</b>
Prior Period Adjustment - Refer to note 45.05		(5 099 000)
<b>Restated Balance on 30 June 2020</b>		<b>35 890 000</b>

### 18.1 Post Retirement Medical Benefits

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

<b>Opening Balance</b>	<b>29 548 000</b>	<b>32 200 331</b>
Contribution during the year	4 239 000	4 440 981
Current Service Cost	1 221 000	1 453 250
Interest Cost	3 018 000	2 987 731
Payments made	(1 209 321)	(1 084 792)
Actuarial Loss/(Gain)	4 741 321	(6 008 520)
<b>Total balance at year-end</b>	<b>37 319 000</b>	<b>29 548 000</b>
Less Current Portion	1 332 000	1 196 000
<b>Total</b>	<b>35 987 000</b>	<b>28 352 000</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 18 EMPLOYEE BENEFITS (CONTINUED)

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

	2021	2020
In-service members	134	132
In-service non-members	237	240
Continuation members	28	26
<b>Total</b>	<b>399</b>	<b>398</b>

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

	2021 R	2020 R
In-service members	21 948 000	16 953 000
Continuation members	15 371 000	12 595 000
<b>Total Unfunded Liability</b>	<b>37 319 000</b>	<b>29 548 000</b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2019 R	2018 R	2017 R
In-service members	18 915 000	31 032 859	29 634 993
Continuation members	13 285 331	15 497 821	15 740 180
<b>Total Unfunded Liability</b>	<b>32 200 331</b>	<b>46 530 680</b>	<b>45 375 173</b>

Experience adjustments were calculated as follows:

	2021 R m	2020 R m
Liabilities: (Gain)/Loss	1.287	(0.320)
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2019 R m	2018 R m	2017 R m
Liabilities: (Gain)/Loss	(0.025)	0.391	(0.130)
Assets: Gain/(Loss)	-	-	-

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

Bonitas	Hosmed	Keyhealth
LA Health	Samwumed	



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 18 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

	2021	2020
<b>Interest Rates</b>		
Discount rate	10.17%	10.42%
Health Care Cost Inflation Rate	7.12%	6.61%
Net-of-health-care-cost-inflation discount rate	2.85%	3.57%
Maximum subsidy inflation rate	4.97%	4.58%
Net-of-maximum-subsidy-inflation discount rate	4.96%	5.58%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries with a 1% mortality improvement per annum from 2010.

#### Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2020 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

#### Last Valuation

The last valuation was performed on 8 June 2021.

#### Actuarial Valuation Method

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

#### The amounts recognised in the Statement of Financial Performance are:

Employee Related Cost - Current Service Cost	1 221 000	1 453 250
Finance Charges - Interest Cost	3 018 000	2 987 731
Actuarial Loss/(Gain)	4 741 321	(6 008 520)
<b>Net amount charged to Statement of Financial Performance</b>	<b>8 980 321</b>	<b>(1 567 539)</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 18 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	21.948	15.371	37.319	
Health care inflation				
+ 1%	23.693	15.963	39.656	6%
- 1%	19.572	14.658	34.230	-8%
Discount rate				
+ 1%	18.503	14.135	32.638	-13%
- 1%	26.324	16.816	43.140	16%
Post-retirement mortality				
+ 1 year	21.427	14.901	36.328	-3%
- 1 year	22.460	15.839	38.299	3%
Average retirement age				
- 1 year	24.062	15.371	39.433	6%
Continuation of membership at retirement				
- 10%	17.213	15.371	32.584	-13%

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

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	1.529	3.729	5.258	
Health care inflation				
+ 1%	1.654	3.967	5.621	7%
- 1%	1.350	3.415	4.765	-9%
Discount rate				
+ 1%	1.278	3.573	4.851	-8%
- 1%	1.848	3.896	5.744	9%
Post-retirement mortality				
+ 1 year	1.492	3.629	5.121	-3%
- 1 year	1.563	3.829	5.392	3%
Average retirement age				
- 1 year	1.664	3.944	5.608	7%
Continuation of membership at retirement				
- 10%	1.190	3.248	4.438	-16%



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>18 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>18.2 Long Service Awards</b>		
The movement in Long Service Awards are reconciled as follows:		
<b>Opening Balance</b>	<b>8 643 000</b>	<b>8 023 915</b>
Contribution during the year	1 247 000	1 184 100
Current Service Cost	653 000	563 265
Interest Cost	594 000	620 835
Payments made	(1 044 220)	(630 936)
Actuarial (Gain)/Loss	297 220	65 921
<b>Total balance at year-end</b>	<b>9 143 000</b>	<b>8 643 000</b>
Less Current Portion	1 249 000	1 105 000
<b>Total</b>	<b>7 894 000</b>	<b>7 538 000</b>

The following members are eligible for long service bonuses:

	2021	2020
In-service members	371	372

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

	2021 R	2020 R
In-service members	9 143 000	8 643 000
<b>Total Unfunded Liability</b>	<b>9 143 000</b>	<b>8 643 000</b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2019 R	2018 R	2017 R
In-service members	8 023 915	8 247 072	7 302 571
<b>Total Unfunded Liability</b>	<b>8 023 915</b>	<b>8 247 072</b>	<b>7 302 571</b>



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

		2021 R	2020 R
<b>18</b>	<b>EMPLOYEE BENEFITS (CONTINUED)</b>		
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain)/Loss	319 000	643 920
	Assets: Gain/(Loss)	-	-
	Experience adjustments were calculated as follows in years prior to the comparative year:		
		2019 R	2018 R
	Liabilities: (Gain)/Loss	496 410	510 705
	Assets: Gain/(Loss)	-	-
		2021	2020
	Key Actuarial Assumptions used are as follows:		
	<b>Interest Rates</b>		
	Discount rate	9.24%	7.33%
	General Salary Inflation (long-term)	5.98%	4.05%
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.08%	3.15%
	The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"		
	<b>Normal Retirement Age</b>		
	It has been assumed that in-service members will retire at age 62 (2020 - 62), which then implicitly allows for expected rates of early and ill-health retirement.		
	<b>Last Valuation</b>		
	The last valuation was performed on 7 June 2021.		
	<b>Actuarial Valuation Method</b>		
	The Projected Unit Credit Method has been used to value the liabilities.		
	<b>The amounts recognised in the Statement of Financial Performance are:</b>		
	Employee Related Cost - Current Service Cost	653 000	563 265
	Finance Charges - Interest Cost	594 000	620 835
	Actuarial Loss	297 220	65 921
	<b>Net amount charged to Statement of Financial Performance</b>	<b>1 544 220</b>	<b>1 250 021</b>



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>18 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>Sensitivity Analysis - Liability at year-end</b>		
	<b>Total liability R m</b>	<b>% change</b>
<b>Assumption</b>		
Liability	9.143	
General salary inflation		
+ 1%	9.725	6%
- 1%	8.618	-6%
Discount rate		
+ 1%	8.597	-6%
- 1%	9.758	7%
Average retirement age		
+ 2 years	10.557	15%
- 2 years	7.682	-16%
Withdrawal rates		
x 200 %	7.457	-18%
x 50 %	10.336	13%

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

<b>Assumption</b>	<b>Current Service</b>			<b>% change</b>
	<b>Cost R</b>	<b>Interest Cost R</b>	<b>Total Cost R</b>	
Future Cost	679 000	789 000	1 468 000	
General salary inflation				
+ 1%	735 000	842 000	1 577 000	7%
- 1%	629 000	740 000	1 369 000	-7%
Discount rate				
+ 1%	633 000	818 000	1 451 000	-1%
- 1%	730 000	754 000	1 484 000	1%
Average retirement age				
+ 2 years	762 000	919 000	1 681 000	15%
- 2 years	589 000	658 000	1 247 000	-15%
Withdrawal rates				
x 200 %	503 000	633 000	1 136 000	
x 50 %	812 000	899 000	1 711 000	



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	2021 R	2020 R
<b>18 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>18.3 Other Pension Benefits</b>		
<b>Defined Benefit Plans</b>		
Council contributes to the following defined benefit plans:		
Consolidated Retirement Fund (former Cape Retirement Fund)	14 139 739	11 980 652
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 132.2%. (30 June 2019 - 124.9%)		
<b>Total</b>	<b>14 139 739</b>	<b>11 980 652</b>

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

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

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



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	2021 R	2020 R
<b>18 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>Defined Contribution Plans</b>		
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	178 571	162 623
SAMWU National Provident Fund	1 159 638	990 634
<b>Total</b>	<b>1 338 209</b>	<b>1 153 257</b>

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

### 19 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	<b>58 864 683</b>	<b>48 856 971</b>
Balance Previously Reported		48 752 651
Prior Period Adjustment - Refer to note 45.07		104 320

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

<b>Opening Balance</b>	<b>48 856 971</b>	<b>47 356 123</b>
Contribution during the year	10 007 713	1 500 848
Increase/(Decrease) in estimate	6 127 153	(2 061 331)
Interest Cost	3 880 560	3 562 179
<b>Total balance at year-end</b>	<b>58 864 683</b>	<b>48 856 971</b>
Less Current Portion	-	-
<b>Total</b>	<b>58 864 683</b>	<b>48 856 971</b>

The total obligation at year-end can be attributed to the following sites:

Site	Expected Rehabilitation date		
Bredasdorp	2064	7 359 114	5 334 193
Napier	2024	22 708 799	19 009 761
Waenhuiskrans	2024	4 084 611	3 637 001
Struisbaai	2025	19 388 648	16 121 185
L'Agulhas	2024 (Site Closed)	5 188 275	4 650 511
<b>Sub-Total</b>		<b>58 729 446</b>	<b>48 752 651</b>
Post Monitoring and Inspection Cost		135 237	104 320
<b>Total</b>		<b>58 864 683</b>	<b>48 856 971</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 19 NON-CURRENT PROVISIONS (CONTINUED)

There are no current portion associated with this liability, as there are no intention to rehabilitate any sites within 12 months of reporting date.

Discount rates specific to the nature and timeframe of the provision is utilised to calculate the effect of time value of money. The discount rate used was stated at between 7.47% and 9.60% (2020 – 7.69% and 10.00%).

The post closure and monitoring cost relates to the Bredasdorp and L'Agulhas Site. These costs are guided by the relevant site licences as well as the conditions included in the "Minimum Requirements".

The increase in cost can be attributed to changes in discount rates as well as an increase in material cost associated with rehabilitation.

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites.

The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m<sup>2</sup>):

	2021	2020
Bredasdorp	78 813	78 813
Napier	40 810	40 810
Waenhuiskrans	4 500	4 500
Struisbaai	33 952	33 952
L'Agulhas	5 603	5 603

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m<sup>2</sup>):

Bredasdorp	509	424
Napier	591	505
Waenhuiskrans	963	877
Struisbaai	618	526
L'Agulhas	983	901

### 20 RESERVES

Accumulated Surplus	409 603 353	395 533 003
Capital Replacement Reserve	37 500 000	35 000 000
<b>Total</b>	<b>447 103 353</b>	<b>430 533 003</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>21 PROPERTY RATES</b>		
Total Property Rates	77 392 456	71 989 196
Less: Rebates	(662 458)	(791 125)
<b>Total</b>	<b>76 729 997</b>	<b>71 198 071</b>
Property rate levied are based on the following rateable valuations:		
Residential	6 902 759 200	6 690 877 200
Business & Commercial	683 001 100	684 207 100
Industrial	12 470 000	5 260 000
Public benefit Organizations	56 850 000	58 570 000
Public Service Infrastructure	315 000	314 000
State-owned	510 824 000	510 824 000
Agricultural	3 197 583 000	3 199 593 000
Municipal Property	255 297 950	251 865 850
Vacant Land	557 994 500	582 834 500
Other	118 654 100	115 686 100
<b>Total Valuation</b>	<b>12 295 748 850</b>	<b>12 100 031 750</b>

The valuations in the previous year were reclassified in line with current year allocations. No effect on total valuations previously disclosed.

Historically, valuations on land and buildings were performed every four years. The next general valuation will be implemented on 1 July 2022 after which the valuations will be performed every 5 years.

The last valuation came into effect on 1 July 2017. This resulted in new rating categories and tariffs being implemented in line with the Property Rates Act.

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.

	2021	2020
The following rates are applicable to the valuations above:		
Residential Developed	0.008290 c / R	0.007749 c / R
Residential Vacant	0.008290 c / R	0.007749 c / R
Business and Commercial	0.009035 c / R	0.008437 c / R
Industrial	0.009035 c / R	0.008437 c / R
Public Benefit Organisations	0.007935 c / R	0.007412 c / R
State Owned	0.009035 c / R	0.008437 c / R
Agricultural - Bona fide	0.002073 c / R	0.001938 c / R
Public Service Purpose	0.009035 c / R	0.007412 c / R



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

21	PROPERTY RATES (CONTINUED)	2021	2020
	Public Service Infrastructure	0.002073 c / R	0.001938 c / R
	Private Open Space	0.008290 c / R	0.007749 c / R
	Private Road	0.008290 c / R	0.007749 c / R
	Private Township Area	0.008290 c / R	0.007749 c / R
	Protected Area	0.008290 c / R	0.007749 c / R
	Multi Purpose - Agricultural	0.008290 c / R	0.001938 c / R
	Multi Purpose - Residential	0.008290 c / R	0.007749 c / R
	Multi Purpose - Business and Commercial	0.009035 c / R	0.008437 c / R
	Multi Purpose - Creche	0.009035 c / R	0.008437 c / R

Rates are levied annually and monthly. Monthly rates are payable by the last day of the following month and annual rates are payable before 31 October. 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.

22	GOVERNMENT GRANTS AND SUBSIDIES	2021 R	2020 R
	<b>Unconditional Grants - National Government</b>	<b>32 155 000</b>	<b>29 908 000</b>
	Equitable Share	32 155 000	29 908 000
	<b>Conditional Grants - National Government</b>	<b>20 838 973</b>	<b>21 273 322</b>
	Equitable Share - Disaster Relief (COVID 19)	2 212 000	-
	Financial Management Grant (FMG)	1 550 000	1 550 000
	Municipal Infrastructure Grant (MIG)	12 326 000	11 005 000
	Skills Development Fund and SETA Bursaries	224 973	680 322
	National Electrification Programme (INEP)	2 500 000	-
	Energy Efficiency and Demand-side (EEDM)	-	6 000 000
	Expanded Public Works Program (EPWP)	2 026 000	1 740 000
	Disaster Relief (COVID 19)	-	298 000
	<b>Conditional Grants - Provincial Government</b>	<b>9 780 739</b>	<b>12 877 795</b>
	Library Grant	6 363 000	6 003 000
	Proclaimed Road Subsidy	71 316	62 400
	Other Provincial Allocations	3 346 423	6 812 395
	<b>Total</b>	<b>62 774 713</b>	<b>64 059 117</b>
	Disclosed as:		
	Government Grants and Subsidies - Capital	15 904 232	19 120 254
	Government Grants and Subsidies - Operating	46 870 481	44 938 863
	<b>Total</b>	<b>62 774 713</b>	<b>64 059 117</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	34 367 000	29 908 000
Engineering Services	16 072 082	18 539 400
Executive and Council	2 548 731	5 514 717
Financial Services & ICT	1 896 900	3 372 000
Management Services	7 890 000	6 725 000
<b>Total</b>	<b>62 774 713</b>	<b>64 059 117</b>

The movements per grant can be summarised as follows:

### 22.01 Equitable Share

Grants Received	32 155 000	29 908 000
Transferred to Revenue - Operating	(32 155 000)	(29 908 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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.

### 22.02 Equitable Share - Disaster Relief (COVID 19)

Grants Received	4 305 000	
Transferred to Revenue - Operating	(2 212 000)	
<b>Closing Unspent Balance</b>	<b>2 093 000</b>	<b>-</b>

This dedicated additional grant allocation as part of the equitable share allocation was utilised and aligned with the National Treasury directives issue to assist municipalities with prescribed expenditure relating to the COVID-19 pandemic.

### 22.03 Financial Management Grant (FMG)

Grants Received	1 550 000	1 550 000
Transferred to Revenue - Capital	(284 200)	-
Transferred to Revenue - Operating	(1 265 800)	(1 550 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>22.04 Municipal Infrastructure Grant (MIG)</b>		
Grants Received	12 326 000	11 005 000
Transferred to Revenue - Capital	(10 420 741)	(9 126 513)
Transferred to Revenue - Operating	(1 905 259)	(1 878 487)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
<b>22.05 Skills Development Fund and SETA Bursaries</b>		
Opening Unspent Balance	5 526	208 872
Grants Received	219 447	476 976
Transferred to Revenue - Operating	(224 973)	(680 322)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>5 526</b>
The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training and bursary beneficiaries defined.		
<b>22.06 National Electrification Programme (INEP)</b>		
Grants Received	2 500 000	-
Transferred to Revenue - Capital	(2 241 117)	-
Transferred to Revenue - Operating	(258 883)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		
<b>22.07 Energy Efficiency and Demand-side (EEDM)</b>		
Grants Received	-	6 000 000
Transferred to Revenue - Capital	-	(5 160 000)
Transferred to Revenue - Operating	-	(840 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The Energy Efficiency and Demand-side Management funding program is aimed at promoting the implementation of more energy-efficient technologies, processes and behaviours amongst all electricity consumers.		



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	2021 R	2020 R
<b>22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>22.08 Expanded Public Works Program (EPWP)</b>		
Grants Received	2 026 000	1 740 000
Transferred to Revenue - Operating	(2 026 000)	(1 740 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>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.</p>		
<b>22.09 Disaster Relief (COVID 19)</b>		
Grants Received	-	298 000
Transferred to Revenue - Operating	-	(298 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>This grant was utilised for the purchase of personal protective equipment and other materials in the fight against the COVID-19 pandemic.</p>		
<b>22.1 Library Grant</b>		
Grants Received	6 363 000	6 003 000
Transferred to Revenue - Capital	(72 539)	-
Transferred to Revenue - Operating	(6 290 461)	(6 003 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>The library grants is utilised to fund the cost of providing library services within the municipal area.</p>		
<b>22.11 Proclaimed Road Subsidy</b>		
Grants Received	71 316	62 400
Transferred to Revenue - Operating	(71 316)	(62 400)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>The subsidy is utilised to upgrade and maintain the provincial road network in the municipal area.</p>		
<b>22.12 Other Provincial Allocations</b>		
Opening Unspent Balance	286 449	861 844
Grants Received	14 056 000	6 237 000
Transferred to Revenue - Capital	(2 885 636)	(4 833 741)
Transferred to Revenue - Operating	(460 787)	(1 978 654)
<b>Closing Unspent Balance</b>	<b>10 996 026</b>	<b>286 449</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
Other Provincial Allocations includes grants such as:		
- Community Development Workers (CDW)		
- Provincial Finance Management Support Grant		
- Humanitarian Relief Grant (COVID 19)		
- Regional Socio-Economic Project Grant (RSEP)		
- Department of Environmental Affairs and Tourism Grant		
- Water Services Infrastructure Grant		
- Drought Support		
<b>22.13 Total Grants</b>		
Opening Unspent Balance	291 975	1 070 716
Grants Received	75 571 763	63 280 376
Transferred to Revenue - Capital	(15 904 232)	(19 120 254)
Transferred to Revenue - Operating	(46 870 481)	(44 938 863)
<b>Closing Unspent Balance</b>	<b>13 089 026</b>	<b>291 975</b>
<b>23 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Mayoral Golf Day	11 598	48 700
COVID 19 Fund	2 095	141 330
Flood Disaster Relief Fund	12 550	-
<b>Total</b>	<b>26 243</b>	<b>190 030</b>
Disclosed as:		
Public Contributions and Donations - Operating	26 243	190 030
<b>Total</b>	<b>26 243</b>	<b>190 030</b>
The movements per public contribution can be summarised as follows:		
<b>23.01 Mayoral Golf Day</b>		
Opening Unspent Balance	106 567	78 086
Public Contributions during the year	-	77 181
Transferred to Revenue - Operating	(11 598)	(48 700)
<b>Closing Unspent Balance</b>	<b>94 969</b>	<b>106 567</b>

The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp during March every year since 2016 (except 2021). The funds raised at the event will be utilised to support Youth Development programmes in the municipal area.



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	2021 R	2020 R
<b>23 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)</b>		
<b>23.02 COVID 19 Fund</b>		
Public Contributions during the year	2 095	141 330
Transferred to Revenue - Operating	(2 095)	(141 330)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The contributions received was utilised to provide humanitarian relief to the community in the municipal area during the COVID 19 pandemic.		
<b>23.03 Flood Disaster Relief Fund</b>		
Public Contributions during the year	12 550	-
Transferred to Revenue - Operating	(12 550)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
The Flood Disaster Relief Fund relates to contributions received from the public to provide relief to the affected communities hardest hit by the floods in the Cape Agulhas area during May 2021.		
<b>23.04 Total</b>		
Opening Unspent Balance	106 567	78 086
Public Contributions during the year	14 645	218 511
Transferred to Revenue - Operating	(26 243)	(190 030)
<b>Closing Unspent Balance</b>	<b>94 969</b>	<b>106 567</b>
<b>24 CONTRIBUTED ASSETS</b>		
P & B Limeworks	1 760 000	-
Department of Water and Sanitation	-	75 000
Department of Rural Development and Land Reform	-	1 929 248
Department of Arts and Culture	-	42 887
<b>Total</b>	<b>1 760 000</b>	<b>2 047 134</b>
The P & B Limeworks donation relates to land and buildings received at no consideration during the year.		
<b>25 FINES</b>		
Traffic Fines	2 267 499	8 623 482
Library Fines	2 338	19 437
<b>Total</b>	<b>2 269 837</b>	<b>8 642 918</b>
In terms of the requirements of GRAP 23 and iGRAP1 (revised), all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>26 ACTUARIAL GAINS</b>		
Post Retirement Medical Benefits	-	6 008 520
<b>Total</b>	<b>-</b>	<b>6 008 520</b>
<b>27 SERVICE CHARGES</b>		
Electricity Revenue	128 956 565	122 224 269
Water Revenue	39 272 122	31 807 429
Refuse Removal Revenue	28 909 311	26 140 343
Sewerage and Sanitation Revenue	19 563 158	17 339 157
<b>Total Revenue</b>	<b>216 701 157</b>	<b>197 511 198</b>
Less: Rebates	(23 817 123)	(15 014 755)
Water Revenue	(10 145 703)	(4 356 282)
Refuse Removal Revenue	(7 955 386)	(6 288 822)
Sewerage and Sanitation Revenue	(5 716 034)	(4 369 650)
<b>Total</b>	<b>192 884 033</b>	<b>182 496 443</b>
<p>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.</p>		
<b>28 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Halls and Offices	39 366	140 931
Properties	2 298 184	2 182 232
Resorts	4 750 575	6 338 197
Sports Grounds	396	6 504
<b>Total</b>	<b>7 088 520</b>	<b>8 667 864</b>
<b>29 INTEREST EARNED - OUTSTANDING DEBTORS</b>		
Interest Earned - Service Debtors	1 707 466	1 042 663
Interest Earned - Penalty Interest on Property Rates	482 632	338 185
<b>Total</b>	<b>2 190 098</b>	<b>1 380 847</b>
<b>30 LICENCES AND PERMITS</b>		
Roadworthy Certificates	52 666	35 755
Roadworthy Applications	258 478	180 398
Driver Licences	567 024	496 194
Business Licences	2 600	9 396
<b>Total</b>	<b>880 768</b>	<b>721 743</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>31 AGENCY SERVICES</b>		
Vehicle Licencing	1 604 294	1 346 274
Vehicle Registrations	825 662	535 069
Temporary and Special Licences	21 108	15 228
Duplicate Vehicle Registrations	75 269	54 441
<b>Total</b>	<b>2 526 333</b>	<b>1 951 011</b>

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle registrations and licencing, Temporary and Special Licences and the issuing of Duplicate Vehicle Licences. The municipality earns an agency fee (12% on Vehicle Licences and 100% on all other collections) in this regard. The following transactions occurred during the period under review:

Collections payable to the Department at beginning of year	477 631	144 636
Revenue collected from third parties	15 857 971	12 878 403
Agency Fee Earned	(2 526 333)	(1 951 011)
VAT on Agency Fee Earned	(397 556)	(294 532)
Collections paid over to The Department	(13 279 252)	(10 299 864)
<b>Collections payable to the Department at end of year</b>	<b>132 462</b>	<b>477 631</b>

<b>32 OTHER INCOME</b>		
Connections - Electricity	1 069 879	1 455 945
Connections - Water	1 040 703	677 639
Connections - Sewer	241 704	155 784
Building Plan Fees	2 019 009	1 379 175
Garden Refuse Removal	15 230	12 502
Infrastructure Levy	4 368 668	4 298 494
Sundry Income	3 171 616	2 450 700
<b>Total</b>	<b>11 926 809</b>	<b>10 430 238</b>

Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, , burial fees, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.

The Infrastructure levy relates to a nominal charge per consumer during the year to cover the interest and capital repayments of borrowing utilised in the construction of infrastructure and other capital projects.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>33 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	104 619 888	94 458 916
Pension and UIF Contributions	15 965 384	14 392 516
Medical Aid Contributions	5 388 632	5 024 121
Performance Bonus	415 248	486 308
Overtime	4 767 195	4 737 886
Motor Vehicle Allowance	6 396 942	6 022 071
Cellphone Allowance	540 560	495 376
Housing Allowances	900 610	1 032 746
Acting Allowance	621 123	509 315
Other benefits and allowances	5 203 577	4 835 528
Workmens Compensation Contributions	670 762	664 681
Payments in lieu of leave	2 328 758	2 795 306
Long service awards	653 000	563 265
Post Retirement Medical Benefits	1 221 000	1 453 250
<b>Total</b>	<b>149 692 682</b>	<b>137 471 285</b>

The total employee related cost includes temporary workers funded from the Expanded Public Works Programme Grant, Financial Management Grant, Municipal Infrastructure Grant and internal funded job creation programmes (especially over the festive season).

### Remuneration of Key Personnel

All Managers are appointed on a 5-year contract, except for the current Director Infrastructure Services (Mr A Jacobs) and Director Management Services (Mr H Krohn) who is appointed on a 10 year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:

### Remuneration of the Municipal Manager - E Phillips (1/11/2020 to one year after municipal elections)

Basic Salary	611 667	-
Pension and UIF Contributions	93 998	-
Medical Aid Contributions	30 044	-
Motor Vehicle Allowance	79 779	-
Cellphone Allowance	12 000	-
Other benefits and allowances	10	-
Other Expenditure Reimbursed	4 070	-
<b>Total</b>	<b>831 568</b>	<b>-</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>33 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<b>Remuneration of the Municipal Manager - D O'Neill (resigned on 31/10/2020)</b>		
Basic Salary	560 364	1 501 193
Pension and UIF Contributions	595	1 785
Medical Aid Contributions	19 092	53 908
Performance Bonus	175 938	175 938
Motor Vehicle Allowance	24 000	72 000
Cellphone Allowance	6 000	18 000
Payments in lieu of leave	266 252	22 227
Other benefits and allowances	12 588	37 756
Other Expenditure Reimbursed	-	78 376
<b>Total</b>	<b>1 064 830</b>	<b>1 961 184</b>
<b>Remuneration of the Community Services Manager - H Krohn (01/07/2019 to 30/06/2029)</b>		
Basic Salary	845 548	845 548
Pension and UIF Contributions	1 813	1 785
Performance Bonus	42 315	-
Motor Vehicle Allowance	60 000	60 000
Cellphone Allowance	16 200	16 200
<b>Total</b>	<b>965 877</b>	<b>923 533</b>
<b>Remuneration of the Civil Engineering Services Manager - AA Jacobs (20/06/2018 to 30/06/2028)</b>		
Basic Salary	1 017 470	1 017 470
Pension and UIF Contributions	1 813	1 785
Performance Bonus	76 073	72 936
Cellphone Allowance	16 200	16 200
Payments in lieu of leave	30 551	-
Other Expenditure Reimbursed	11 139	43 267
<b>Total</b>	<b>1 153 246</b>	<b>1 151 659</b>
<b>Remuneration of the Chief Financial Officer - PJ Van Biljon (01/08/2017 to 31/07/2022)</b>		
Basic Salary	1 252 594	1 172 880
Pension and UIF Contributions	1 813	1 785
Medical Aid Contributions	49 910	53 484
Performance Bonus	145 772	103 430
Motor Vehicle Allowance	120 000	120 000
Cellphone Allowance	14 400	14 400
Payments in lieu of leave	42 577	41 538
Other benefits and allowances	17 406	-
Other Expenditure Reimbursed	4 957	24 653
<b>Total</b>	<b>1 649 430</b>	<b>1 532 170</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

		2021 R	2020 R
<b>34</b>	<b>REMUNERATION OF COUNCILLORS</b>		
	Councillor Allowance	3 306 828	3 252 263
	Cellphone Allowance	488 400	488 400
	Motor Vehicle Allowance	1 283 251	1 291 026
	Pension Contributions	511 557	558 411
	Medical Aid Contributions	35 600	41 624
	<b>Total</b>	<b>5 625 636</b>	<b>5 631 724</b>
	<b>In-kind Benefits</b>		
	The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.		
	<b>Remuneration per Councillor</b>		
	Executive Mayor P J Swart	905 259	901 545
	Executive Deputy Mayor Z Tonisi	733 088	730 117
	Speaker J G A Niewoudt	733 088	730 341
	Councillor - Mayoral Committee G D Burger	632 709	687 819
	Councillor - Mayoral Committee M October	690 046	687 296
	Councillor - Part time K E Donald	30 467	-
	Councillor - Part time D Jantjies	316 830	315 890
	Councillor - Part time E C Marthinus	316 830	315 890
	Councillor - Part time E Sauls	316 830	315 655
	Councillor - Part time C J Jacobs	316 830	315 655
	Councillor - Part time R J Baker	316 830	315 655
	Councillor - Part time D J Europa	316 830	315 863
	<b>Total</b>	<b>5 625 636</b>	<b>5 631 724</b>
	Councillor G D Burger resigned on 31 May 2021 and was replaced by Councillor K E Donald.		
<b>35</b>	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions	2 904 218	12 055 419
	Receivables from non-exchange transactions	2 490 484	7 887 996
	Long Term Receivables	1 320 873	668 138
	<b>Total Debt Impairment</b>	<b>6 715 576</b>	<b>20 611 553</b>
	Movement in VAT included in debt impairment	(37 225)	(750 799)
	<b>Total</b>	<b>6 678 351</b>	<b>19 860 753</b>
<b>36</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Investment Property	8 530	8 530
	Property, Plant and Equipment	15 209 810	14 478 977
	Intangible Assets	683 759	717 906
	<b>Total</b>	<b>15 902 099</b>	<b>15 205 413</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>37 IMPAIRMENTS</b>		
Property, Plant and Equipment	487 122	4 387
<b>Total</b>	<b>487 122</b>	<b>4 387</b>
<b>38 REPAIRS AND MAINTENANCE</b>		
<p>The Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly, the items were reclassified to the following line items.</p>		
Employee Related Costs	45 829 022	40 875 053
Contracted Services	10 050 745	8 095 025
Other Expenditure	9 511 572	7 982 077
<b>Total</b>	<b>65 391 339</b>	<b>56 952 154</b>
<p>In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:</p>		
Furniture, Office Equipment and Tools	537 560	624 202
Buildings and Commonage	13 971 440	12 768 683
Computer Software	1 663 357	1 664 954
Vehicles	4 503 849	3 387 167
Infrastructure: Roads and Stormwater	11 324 835	11 325 319
Infrastructure: Electricity	9 856 690	7 377 669
Infrastructure: Sewerage	7 829 340	6 792 591
Infrastructure: Water	14 153 240	11 655 277
Infrastructure: Refuse	1 551 029	1 356 293
<b>Total</b>	<b>65 391 339</b>	<b>56 952 154</b>
<b>39 ACTUARIAL LOSSES</b>		
Post Retirement Medical Benefits	4 741 321	-
Long Service Awards	297 220	65 921
<b>Total</b>	<b>5 038 541</b>	<b>65 921</b>
<b>40 FINANCE CHARGES</b>		
<b>Finance Charges - Cash</b>	<b>2 497 861</b>	<b>3 091 359</b>
Annuity Loans	2 497 861	3 091 359
<b>Finance Charges - Non-Cash</b>	<b>7 492 560</b>	<b>7 170 745</b>
Rehabilitation Provision - Landfill Sites	3 880 560	3 562 179
Post Retirement Medical Benefits	3 018 000	2 987 731
Long Service Awards	594 000	620 835
<b>Total</b>	<b>9 990 421</b>	<b>10 262 104</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>41 BULK PURCHASES</b>		
Electricity	95 449 389	89 050 774
Water	145 427	280 072
<b>Total</b>	<b>95 594 817</b>	<b>89 330 846</b>
<b>42 CONTRACTED SERVICES</b>		
Audit Committee	82 611	85 676
Clearing & Grass Cutting Services	-	6 362
Debt Collection Services	567 458	236 412
Electrical	-	577 524
Employee Wellness	87 963	-
Fire Services	1 291 250	1 250 000
Information Technology Support	4 663 368	3 739 932
Legal fees	451 844	352 810
Maintenance Contractors	8 192 135	6 322 354
Professional Services	4 143 772	6 131 432
Property Valuation	226 301	119 920
Refuse Removal	2 119 339	3 688 970
Security Services	1 148 148	1 010 348
Traffic Fine Management	387 894	1 084 629
<b>Total</b>	<b>23 362 084</b>	<b>24 606 371</b>
<b>43 TRANSFERS AND GRANTS</b>		
Contribution - Elim Community	1 041 037	912 000
Contribution - Shipwreck Museum	60 870	70 000
Contribution - Overberg Radio	120 000	120 000
Contribution - Ons Huis	43 478	50 000
Contribution - Save House	90 025	124 870
Public Funded Grants	11 598	72 007
COVID and Social Support	1 222 312	2 101 587
Subsidy - Low Cost Housing	4 664	4 664
<b>Total</b>	<b>2 593 984</b>	<b>3 455 128</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

44	OTHER EXPENDITURE	2021 R	2020 R
	Advertising	204 591	202 354
	Audit fees	3 083 387	3 257 511
	Bank Charges	1 773 423	1 247 948
	Bursaries	295 891	1 022 699
	Chemicals	3 372 090	2 848 652
	Cleaning material	378 752	298 096
	Cleaning services & washing	70 197	71 602
	Commission Paid	923 711	1 317 167
	Conferences & Seminars	27 088	49 285
	Donations	127 100	128 700
	Entertainment costs	139 367	206 226
	Equipment Hire	741 720	327 684
	Free Basic Electricity	484 379	402 834
	Fuel Cost	3 550 658	3 441 688
	Insurance	1 451 022	1 162 654
	License fees	5 254	12 277
	License fees - Vehicles	194 086	224 026
	Life Guards (Beaches)	396 175	335 179
	Maintenance Materials and Small Tools	5 815 711	4 256 786
	Marketing	466 299	762 025
	Oil & Lubricants	117 114	85 576
	Postage	806 650	674 113
	Printing & Stationery	626 368	613 073
	Protective Clothing	866 167	611 810
	Public Communication	48 021	94 506
	Recruiting Costs	34 000	7 299
	Refuse Bags	440 260	392 015
	Rental Paid	1 085 232	1 070 712
	Service Charges	1 222 302	1 279 019
	Service connections - new	243 632	209 642
	Shared Services - Risk Management	57 178	43 149
	Socio-Economic Development	82 093	113 696
	Subscriptions - Organisations	1 423 449	1 361 209
	Subsistence & Travel Allowances	597 288	1 130 337
	Telephone costs	2 937 235	2 222 621
	Training & Development - Staff	482 232	1 126 428
	Training Levy	1 006 357	925 870
	Tyres	346 060	136 214
	Union Representative	36 929	32 490
	Ward Committees	456 875	147 172
	Other	1 704 185	2 025 544
	<b>Total</b>	<b>38 120 528</b>	<b>35 877 839</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

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### 45 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3

#### 45.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS

<b>Balance previously reported</b>	<b>35 973 677</b>
ICT Services incorrectly not accrued for on 30 June 2019	<b>92 000</b>
Effect on Accumulated Surplus - Refer to note 45.07	80 000
Effect on Taxes - Refer to note 45.03	12 000
<b>Restated Balance on 30 June 2020</b>	<b>36 065 677</b>

#### 45.02 PROPERTY PLANT AND EQUIPMENT

<b>Balance previously reported</b>	<b>429 818 439</b>
Recognise post monitoring cost relating to landfill site provisions up to 30 June 2019 - Refer to note 45.07	94 811
Effect on Capitalised Restoration Cost (Cost)	116 063
Effect on Capitalised Restoration Cost (Accumulated Depreciation)	(21 252)
Recognise movement on post monitoring cost relating to landfill site provisions during 2019/20	(42 667)
Effect on Capitalised Restoration Cost (Cost of Disposals) - Refer to note 45.06	(40 184)
Effect on Capitalised Restoration Cost (Depreciation) - Refer to note 45.08	(2 483)
Recognise land previously not recognised on 30 June 2019 - Refer to note 45.07	3 322 000
Incorrect allocation between land and buildings identified on asset register	-
Effect on Land	(358 000)
Effect on Buildings	358 000
<b>Restated Balance on 30 June 2020</b>	<b>433 192 582</b>

#### 45.03 TAXES

<b>Balance previously reported</b>	<b>129 056</b>
ICT Services incorrectly not accrued for on 30 June 2019 - Refer to note 45.01	12 000
<b>Restated Balance on 30 June 2020</b>	<b>141 056</b>

#### 45.04 CURRENT EMPLOYEE BENEFITS

<b>Balance previously reported</b>	<b>15 249 851</b>
Maximum subsidy cap not taken into account up to 30 June 2020 (PEMA) - Effect on current portion - Refer to note 45.05	(201 000)
<b>Restated Balance on 30 June 2020</b>	<b>15 048 851</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 45.05 EMPLOYEE BENEFITS

<b>Balance previously reported</b>	<b>40 989 000</b>
Maximum subsidy cap not taken into account up to 30 June 2019 (PEMA) - Refer to note 45.07	(6 634 358)
Maximum subsidy cap not taken into account during 2019/20 (PEMA) - Refer to note 45.08	1 334 358
Maximum subsidy cap not taken into account up to 30 June 2020 (PEMA) - Effect on current portion - Refer to note 45.04	201 000
<b>Restated Balance on 30 June 2020</b>	<b>35 890 000</b>

### 45.06 NON-CURRENT PROVISIONS

<b>Balance previously reported</b>	<b>48 752 651</b>
Recognise post monitoring cost relating to landfill site provisions up to 30 June 2019 - Refer to note 45.07	133 416
Recognise movement on post monitoring cost relating to landfill site provisions during 2019/20	(29 095)
Decrease/Disposal previously not recognised - Refer to note 45.02	(40 184)
Finance charges previously not recognised - Refer to note 45.08	11 089
<b>Restated Balance on 30 June 2020</b>	<b>48 856 971</b>

### 45.07 ACCUMULATED SURPLUS

<b>Balance previously reported</b>	<b>386 883 181</b>
Corrections relating to 2019/2020 - Refer to note 45.08	(1 347 930)
<b>Corrections up to 30 June 2019</b>	
Recognise post monitoring cost relating to landfill site provisions up to 30 June 2019	(38 605)
Effect on Property Plant and Equipment - Refer to note 45.02	94 811
Effect on Non-Current Provisions - Refer to note 45.06	(133 416)
Maximum subsidy cap not taken into account up to 30 June 2019 (PEMA) - Refer to note 45.05	6 634 358
ICT Services incorrectly not accrued for on 30 June 2019 - Refer to note 45.01	80 000
Recognise land previously not recognised on 30 June 2019 - Refer to note 45.02	3 322 000
<b>Restated Balance on 30 June 2020</b>	<b>395 533 003</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

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45 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3  
(CONTINUED)

### 45.08 STATEMENT OF FINANCIAL PERFORMANCE

<b>Surplus previously reported</b>	<b>28 363 059</b>
<b>Actuarial Gains</b>	<b>(2 200 714)</b>
Maximum subsidy cap not taken into account during 2019/20 (PEMA) - Refer to note 45.05	(2 200 714)
<b>Employee Related Costs</b>	<b>262 291</b>
Maximum subsidy cap not taken into account during 2019/20 (PEMA) - Refer to note 45.05	262 291
<b>Depreciation and Amortisation</b>	<b>(2 483)</b>
Recognise movement on post monitoring cost relating to landfill site provisions during 2019/20 - Refer to note 45.02	(2 483)
<b>Finance Charges</b>	<b>592 976</b>
Recognise movement on post monitoring cost relating to landfill site provisions during 2019/20 - Refer to note 45.06	(11 089)
Maximum subsidy cap not taken into account during 2019/20 (PEMA) - Refer to note 45.05	604 065
<b>Restated Surplus on 30 June 2020</b>	<b>27 015 129</b>

### 45.09 CASH FLOW STATEMENT

<b>Other Revenue Previously Reported</b>	<b>15 066 562</b>
Movement in Arrangements incorrectly accounted for as cash movement on Long Term Receivables	(668 138)
<b>Restated Other Revenue on 30 June 2020</b>	<b>14 398 424</b>
<b>Decrease/(Increase) in Long-Term Receivables Previously Reported</b>	<b>(639 137)</b>
Movement in Arrangements incorrectly accounted for as cash movement on Long Term Receivables	668 138
<b>Restated Other Revenue on 30 June 2020</b>	<b>29 001</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

46	NET CASH FROM OPERATING ACTIVITIES	2021 R	2020 R
	<b>Net Surplus for the year</b>	16 570 350	27 015 129
	Adjusted for:		
	Non-Cash Revenue	(7 542 461)	(13 109 560)
	Actuarial Gains	-	(6 008 520)
	Gains on Disposal of Properties	(5 782 461)	(5 053 906)
	Contributed Assets	(1 760 000)	(2 047 134)
	Non-Cash Expenditure	35 943 191	42 704 981
	Debt Impairment	6 678 351	19 860 753
	Depreciation and Amortisation	15 902 099	15 205 413
	Impairments	487 122	4 387
	Actuarial losses	5 038 541	65 921
	Finance Charges	7 492 560	7 170 745
	Loss on disposal of PPE	344 520	397 763
	Contributions - Provisions and Employee Benefits	12 043 107	12 118 601
	Post Retirement Medical Benefits	1 221 000	1 453 250
	Long Service Awards	653 000	563 265
	Performance Bonuses	415 248	486 308
	Bonuses	7 425 100	6 820 472
	Staff Leave	2 328 758	2 795 306
	Expenditure - Provisions and Employee Benefits	(11 360 878)	(9 385 606)
	Post Retirement Medical Benefits	(1 209 321)	(1 084 792)
	Long Service Awards	(1 044 220)	(630 936)
	Performance Bonuses	(440 099)	(352 305)
	Bonuses	(7 054 501)	(6 548 377)
	Staff Leave	(1 612 739)	(769 196)
	Other adjustments	(14 697 802)	(19 283 027)
	Bad Debts Written Off	(13 382 270)	(18 611 000)
	Movement on Operating Lease Asset	(1 491)	(6 391)
	Movement on Operating Lease Liability	6 833	2 502
	Movement in Arrangements	(1 320 873)	(668 138)
	Operating Surplus before changes in working capital	30 955 507	40 060 518
	Movement in working capital	27 162 062	(9 672 902)
	Receivables (Exchange and Non-Exchange)	5 386 481	(10 392 678)
	Inventory	370 937	(274 402)
	Payables from exchange transactions	8 723 986	2 987 187
	Unspent Conditional Government Grants	12 797 051	(778 741)
	Unspent Public Contributions	(11 598)	28 481
	Taxes	(104 795)	(1 242 750)
	<b>Cash Flow from Operating Activities</b>	<b>58 117 570</b>	<b>30 387 616</b>

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021	2020
	R	R
<b>47 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	26 198 291	49 235 916
Call and Notice Deposits	82 989 000	23 789 000
Cash Floats	14 637	16 368
<b>Total</b>	<b>109 201 928</b>	<b>73 041 284</b>

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

## 48 BUDGET COMPARISONS

### 48.1 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

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

#### Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items as well as the items highlighted in the reasons for deviations:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains and Insurance Receipts.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 48 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure and Materials and Actuarial Losses.

Other than the items identified above (relating to aggregations), the following actual results were also 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 classifications and principles:

Revenue	Actual per Statement of Financial R	Reclassification due to mSCOA/NT versus GRAP R	Per Budget Comparison R
Service Charges - Electricity Revenue	128 956 565	1 071 589	130 028 154
Service Charges - Water Revenue	29 126 419	1 041 483	30 167 902
Service Charges - Sanitation Revenue	13 847 124	265 299	14 112 423
Service Charges - Refuse Revenue	20 953 925	15 230	20 969 156
Rental Of Facilities and Equipment	7 088 520	(4 750 575)	2 337 946
Fines, penalties and forfeits	2 269 837	167 422	2 437 260
Licences and Permits	880 768	(878 168)	2 600
Agency Services	2 526 333	878 884	3 405 218
Transfers Recognised - Operational	46 870 481	13 135 254	60 005 734
Other Revenue (as aggregated)	11 975 893	2 188 834	14 164 727
<b>Total affected by reclassifications</b>	<b>264 495 866</b>	<b>13 135 254</b>	<b>277 631 120</b>
<b>Expenditure</b>			
Employee related costs	149 692 682	(274 587)	149 418 095
Contracted Services	23 362 084	(1 220 331)	22 141 753
Transfers and Grants	2 593 984	706 386	3 300 370
Other Expenditure and Materials (as aggregated)	43 159 068	13 923 786	57 082 855
<b>Total affected by reclassifications</b>	<b>218 807 818</b>	<b>13 135 254</b>	<b>231 943 072</b>

The material reclassifications are as a result of Camping Fees budgeted for as part of Other Income, while disclosed as part of Rental of Facilities and Equipment. The municipality is also assessed to be an agent in its relationship with the Department of Housing, resulting in no revenue and expenditure being recognised in the records of the municipality for financial statements purposes. For budget purposes, all revenue and related expenditure (2021: R 13 135 254 , 2020: R 55 304 873 (where comparative disclosure is applicable)) is recognised (Transfers Recognised - Operational and Other Expenditure and Materials). Sundry fees (ie Connection Fees) relating to Services are disclosed as part of Other Revenue, while budgeted for as part of the relevant service charge.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 48 BUDGET COMPARISONS (CONTINUED)

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis, except for the relationship with the Department of Housing as defined above. This resulted in the following adjustments to the cash flow statement to ensure that the figures are comparable.

	Actual per Statement of Financial R	Reclassification due to mSCOA/NT versus GRAP R	Per Budget Comparison R
<b>Receipts from Operating Activities</b>			
Government - Operating	48 918 504	23 321 786	72 240 290
<b>Total affected by reclassifications</b>	<b>48 918 504</b>	<b>23 321 786</b>	<b>72 240 290</b>
<b>Payments from Operating Activities</b>			
Suppliers and Employees	(302 716 557)	(23 321 786)	(326 038 343)
<b>Total affected by reclassifications</b>	<b>(302 716 557)</b>	<b>(23 321 786)</b>	<b>(326 038 343)</b>

Where comparative figures (Appropriation Statements) are disclosed, a similar adjustment of R 54 249 168 was made.

### 48.2 MATERIAL VARIANCES

#### Statement of financial position - Budget Adjustments

Cash and Call Investments	Budgeted aligned to actual results on 30 June 2020 taking into account the projected cash flow forecast for the year.
Consumer Debtors	Budgeted aligned to actual results on 30 June 2020 taking into account the projected debtor balances utilising the recovery rate for the year ending 30 June 2020.
Other Receivables	Budgeted aligned to actual results on 30 June 2020 taking into account that all asset sale debtors will be settled on 30 June 2021.
Property, Plant And Equipment	Budgeted aligned to actual results on 30 June 2020 taking into account the projected capital program for the 2020/21 financial year.
Provisions and Employee Benefits	Budgeted aligned to actual results on 30 June 2020 taking into account salary increases as well as projections provided by actuaries for Long Service Awards and Post Retirement Medical Benefits.
Accumulated Surplus	Budgeted aligned to actual results on 30 June 2020 taking into the revised revenue and expenditure projections for the year.
Reserves	Budgeted aligned to actual results on 30 June 2020. It was anticipated that no additional transfers will be made to the reserves during the compilation of the budget.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

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### BUDGET COMPARISONS (CONTINUED)

#### Statement of financial position - Budget versus Actual

Cash and Call Investments	The variance is the result of a conservative approach followed with regard to cashflow projections. There were also significant unspent loans, grants and housing funds on year-end which was not budgeted for.
Consumer Debtors	Significant improvement in recovery rate of debtors compared to the prior year resulting in a reduction of outstanding receivables compared to budget.
Other Receivables	Receivables relating to asset sales at year end which was not budgeted for.
Property, Plant And Equipment	Variance the result of an underspending of capital budget.
Trade and Other Payables	Significant unspent grants and housing funds on year-end which was not budgeted for.
Provisions and Employee Benefits	Actuarial losses materialised to a decrease in discount rates applicable to non-current provision and employee benefits.

#### Statement of financial performance - Budget Adjustments

Fines, penalties and forfeits	Decrease in fines as a result of COVID pandemic combined with the fact that the agreement with the service provider assisting with the issuing and processing of fines was terminated during the year.
Transfers Recognised - Operational	R 4 305 000 additional Covid relief funding received in the current through the Equitable Share allocation.
Other Revenue	Correction of the infrastructure levy incorrectly omitted from the original budget (R 4 368 000)
Contracted Services	Variance mainly relates to reallocations from other line items to ensure expenses are reflected and budgeted for in line with its nature.
Transfers Recognised - Capital	Additional MIG and Provincial Drought relief allocations received since approval of the original budget.

#### Statement of financial performance - Budget versus Actual

Service Charges - Electricity Revenue	Less units distributed than the prior year, which was not in line with the expectation during the compilation of the budget.
Fines, penalties and forfeits	Significant lower amount of fines issued as a result of the termination of the agreement with the fines service provider.
Transfers Recognised - Operational	Significant unspent grants and housing allocations resulting in variance identified.
Gains on Disposal of Properties	Budgeted included conservative approach with regards to expected sales to be finalised on 30 June 2021.
Depreciation & Asset Impairment	Budget not adequately aligned to prior year results.
Bulk Purchases	Bulk price increase not fully incorporated into budget



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

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### BUDGET COMPARISONS (CONTINUED)

Contracted Services	Expenditure on contracted services (specifically on maintenance) higher than anticipated during budget process where more maintenance was expected to be performed in-house.
Other Expenditure and Materials	Significant unspent grants and housing allocations resulting in variance identified. Also refer to contracted services.
Transfers Recognised - Capital	Variance mainly due to underspending on Drought Relief Grants which was rolled over to the 2021/22 financial year.

### Cash Flow Statement - Budget Adjustments

Property Rates	Align budget to expected revenue to be raised, taking into account the audited recovery rate for 2019/20.
Service Charges	Align budget to expected revenue to be raised, taking into account the audited recovery rate for 2019/20.
Other Revenue	Align budget to expected revenue to be raised, taking into account the audited recovery rate for 2019/20.
Government - Operating	R 4 305 000 additional Covid relief funding received in the current through the Equitable Share allocation.
Government - Capital	Refer to Capital Assets below. Increase resulting from new capital allocations received.
Capital Assets	Increase expenditure in line with especially new grant funding that became available.
New Loans Raised	Align external borrowing to the proposed loans to be raised during the year.
Cash Opening and Closing Balance	Align opening balance to audited results on 30 June 2020

### Cash Flow Statement - Budget versus Actual

Property Rates	Significant improvement in recovery rate of debtors compared to the prior year.
Service Charges	Significant improvement in recovery rate of debtors compared to the prior year.
Other Revenue	Significant improvement in recovery rate of debtors compared to the prior year.
Government - Operating	Variance mainly due to approximately R 7.5 million less allocations actually received than budgeted for from the Department of Housing.
Suppliers and Employees	Variance mainly due grant allocations not fully spent on 30 June 2021
Cash Closing Balance	Refer to reasons above.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>49.1 UNAUTHORISED EXPENDITURE</b>		
Unauthorised expenditure consist out of the following:		
Opening balance	10 835 562	3 145 970
Unauthorised expenditure current year - operating	7 635 586	8 908 624
Unauthorised expenditure current year - capital	-	1 926 938
Approved by Council	(10 835 562)	(3 145 970)
<b>Unauthorised expenditure awaiting approval</b>	<b>7 635 586</b>	<b>10 835 562</b>

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.

	2021 (Actual) R	2021 (Final Budget) R	2021 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Engineering Services	192 179 302	188 707 716	3 471 586
Executive and Council	43 073 335	46 649 990	-
Financial Services & ICT	68 800 250	64 636 250	4 164 000
Management Services	49 377 896	85 966 538	-
<b>Total</b>	<b>353 430 783</b>	<b>385 960 494</b>	<b>7 635 586</b>
<b>Unauthorised expenditure - Capital</b>			
Engineering Services	56 901 165	61 729 523	-
Executive and Council	1 664 536	2 394 570	-
Financial Services & ICT	3 133 530	3 153 935	-
Management Services	2 620 369	2 703 190	-
<b>Total</b>	<b>64 319 601</b>	<b>69 981 218</b>	<b>-</b>

The unauthorised on operating relates to non-cash expenditure where insufficient budget was allocated.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>49.2 FRUITLESS AND WASTEFUL EXPENDITURE</b>		
Fruitless and wasteful expenditure consist out of the following:		
Opening balance	25 000	38 000
Fruitless and wasteful expenditure incurred	-	-
Approved by Council	-	(13 000)
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>25 000</b>	<b>25 000</b>

The fruitless and wasteful expenditure previously incurred has been referred to the internal audit for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred which be subject the outcome of the investigation report.

### 49.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	6 365 512	5 980 657
Irregular expenditure incurred	2 822 843	5 814 703
Irregular expenditure identified in current year, incurred in prior year	-	550 809
Approved by Council	(5 038 066)	(5 980 657)
<b>Irregular expenditure awaiting approval</b>	<b>4 150 289</b>	<b>6 365 512</b>

Details of Irregular expenditure incurred :

No declaration of interest and tax clearance obtained	-	526 223
Non-compliance relating to CIDB requirements	150 585	74 458
Non-compliance relating to Local Content requirements	289 274	-
Non-compliance relating to composition of BAC/BEC	114 540	-
Doing business without a valid contract (Real People)	-	14 617
Regulation 32 Contracts	2 268 444	3 871 959
Regulation 32 Contracts (Incurred in 2018/19)	-	550 809
MBD 4 declarations not submitted by the bidder	-	1 327 446
<b>Total</b>	<b>2 822 843</b>	<b>6 365 512</b>

The prior year figures were restated from R 5 038 066 to R 6 365 512 to include non-compliance relating to MBD 4 declarations previously not included (R 1 327 446).

All irregular expenditure incurred in the current year relates to Regulation 32 awards entered into in prior years.

The irregular expenditure has been referred to internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred which be subject the outcome of the investigation.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

49	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>	<b>2021</b>	<b>2020</b>
<b>49.4 MATERIAL LOSSES</b>			
<b>Electricity distribution losses</b>			
- Units purchased (Kwh)		73 435 236	73 267 305
- Units lost during distribution (Kwh)		4 579 634	3 695 121
- Percentage lost during distribution		6.24%	5.04%
- Rand Value of Loss		4 167 467	3 140 853
<b>Water distribution losses</b>			
- Kilo litres purified		2 226 656	2 709 734
- Kilo litres lost during distribution		366 018	501 606
- Percentage lost during distribution		16.44%	18.51%
- Rand Value of Loss		1 453 090	1 389 449
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
50	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>50.01 Salga Contributions [MFMA 125 (1)(b)]</b>			
Opening balance		(1 392 053)	(1 247 787)
Expenditure incurred		1 392 053	1 305 721
Payments		(1 465 628)	(1 449 987)
		<b>(1 465 629)</b>	<b>(1 392 053)</b>
<b>50.02 Audit Fees [MFMA 125 (1)(c)]</b>			
Opening balance		-	-
Expenditure incurred		3 083 387	3 257 511
External Audit - Auditor-General		3 083 387	3 257 511
Payments		(3 083 387)	(3 257 511)
		-	-
<b>Outstanding Balance</b>		-	-



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

	2021 R	2020 R
<b>50.03 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	203 111	(1 359 289)
Amounts received during the year	(1 128 791)	(365 755)
Amounts paid during the year	4 356 654	5 857 227
Output VAT Payable	(32 060 789)	(28 391 996)
Input VAT Claimable	28 879 202	24 462 923
<b>Outstanding Balance</b>	<b>249 387</b>	<b>203 111</b>
<b>Vat in suspense due to cash basis of accounting</b>	<b>(285 648)</b>	<b>(344 167)</b>

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

### 50.04 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Payments due to SARS	22 643 297	21 269 892
Payments	(22 643 297)	(21 269 892)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

### 50.05 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

Payments due to pension fund and medical aid	34 685 992	32 201 970
Payments	(34 685 992)	(32 201 970)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

The prior year disclosure were updated from R 30 389 285 to R 32 201 970 to include medical payments incorrectly excluded from the disclosure

### 50.06 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following Councillor were in arrears for more than 90 days during the relevant financial year:

Councillor CJ Jacobs	Jul - Sept 2020	3 088	-
Councillor CJ Jacobs	Oct - Dec 2020	3 076	-
Councillor D Europa	February - April 2020	-	2 209



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

	2021 R	2020 R
<b>50.07 QUOTATIONS AWARDED - DEVIATIONS FROM SCM</b>		
Approved deviations from Supply Chain Management Regulations were identified on the following categories:		
<b>Emergency (SCM 36 (1) (a) (i)):</b>		
Less than R 30 000	3 750	45 337
Between R 30 000 and R 200 000	85 267	363 266
More than R 200 000	-	1 853 670
<b>Total</b>	<b>89 017</b>	<b>2 262 273</b>
<b>Sole Provider (SCM 36 (1) (a) (ii)):</b>		
Less than R 30 000	52 095	48 724
<b>Total</b>	<b>52 095</b>	<b>48 724</b>
<b>Impractical or Impossible (SCM 36 (1) (a) (v)):</b>		
Less than R 30 000	266 819	214 025
Between R 30 000 and R 200 000	302 716	752 849
<b>Total</b>	<b>569 535</b>	<b>966 874</b>
<b>Total Deviations</b>		
Less than R 30 000	322 664	308 086
Between R 30 000 and R 200 000	387 983	1 116 115
More than R 200 000	-	1 853 670
<b>Total</b>	<b>710 647</b>	<b>3 277 871</b>

### 50.08 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

### 50.09 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged with the following employees in service of the state (SCM 44)

None



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

		2021	2020
50	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	R	R
<b>50.10 TRADING WITH FAMILY MEMBERS OF EMPLOYEES IN SERVICE OF THE STATE</b>			
During the year under review, the municipality engaged with the following entities where spouses, children or parents of suppliers are in service of the state (SCM 45)			
	<u>Name (State institution)</u>	<u>Supplier name</u>	
	TL Du Toit (Department of Health)	Cape Agulhas Civils	
		5 011 888	4 435 161
	N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel)	Canfred Computers T/A Premium Computers & Stationers	
		42 250	18 545
	V Zeeman (Spouse of owner is employed by Overberg District Municipality)	DC Zeeman t/a Aluminium Design	
		3 040	113 987
	Spouse of Director is employed by Western Cape Education Department (WCED)	Ikapa Reticulation & Flow	
		403 913	564 404
	Spouse of Director - V van der Heever is a teacher WCED	Democratic Packaging CC	
		406 267	194 948
	Ms Janine Niehaus the spouse of Senior Manager Hendri Niehaus is in service of the Northern Cape Department of Health and Ms Litzie Saaiman the spouse of Manager Bart Saaiman is in service of the WCED.	Mubesko Africa (Pty) Ltd	
		605 033	180 035
	Nadira Andhee wife of Ujush Andhee (Director) is employed as an Educator in KZN.	Piston Power Chemicals CC	
		19 615	23 699
	Ms Celeste September spouse, child or parent in service of City of Cape Town Traffic Department & Ms Priscilla Vos in services of SAPD.	Ukheto Projects Pty Ltd	
		2 348 180	-
	John Emanuel Jacobs (Brother-in-law) - National Government Employment & Labour, Unita Frazenburg (Sister) - National Government Deed Office Kimberley, Eben Frazenburg (Brother)- WC Government, Education - Eerste Rivier HS, Jaqueline Frazenburg (Sister) - WC Government, Education -Kleinvlei	Amandla GCF Construction CC	
		1 218 094	
	<b>Total</b>	<b>10 058 280</b>	<b>5 530 779</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>51 CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of Capital Expenditure:</b>	<b>969 576</b>	<b>37 247 167</b>
Approved and contracted for:		
Building of Ablution Facility at Napier Soccer Field	188 726	-
Construction of a Five-a-Side Soccer Field – Anene Booyesen Park	780 850	-
Upgrade of Wastewater Treatment Works - Bredasdorp	-	30 207 839
Construction of Water & Roads Services Industrial Area - Struisbaai	-	840 523
Multi Access Network, Services & Component	-	6 198 805
<b>Total</b>	<b>969 576</b>	<b>37 247 167</b>
This expenditure will be financed from:		
Internal Funding - CRR	188 726	6 198 805
External Loans	-	26 568 989
Government Grants	780 850	4 479 373
<b>Total</b>	<b>969 576</b>	<b>37 247 167</b>

## 52 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

### 52.1 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.

	2021 R	2020 R
The following financial assets are exposed to credit risk:		
Cash and Cash Equivalents	109 187 291	73 024 916
Receivables from exchange transactions	38 615 778	36 065 677
Receivables from non-exchange transactions	175 618	175 618
Current Portion of Long-term Receivables	2 943	2 566
Long-Term Receivables	154 238	160 569
<b>Total</b>	<b>148 135 869</b>	<b>109 429 345</b>

There were no changes in the in the approach how credit risk is managed during the period under review.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 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, no cash were pledged as security and no collateral is held for any cash and cash equivalents, other than the following:

- Guarantees in favour of the following third parties - Post Office - R 50 000 (2020 - R 50 000)

Also refer to deposit linked to an Eskom Guarantee included in note 2

Credit risk is further managed and guided by the Cash Management and Investment Policy.

#### 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 passed due.

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

Also refer to note 3 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).

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2021 R	2020 R
Electricity	2 573 950	4 089 095
Water	1 725 363	2 102 578
Refuse	1 417 833	1 604 896
Sewerage	1 026 049	1 124 928
Other Services	3 158 274	1 342 664
<b>Total</b>	<b>9 901 469</b>	<b>10 264 161</b>

These receivables can be aged as follows:

1 Month Past due	5 472 145	5 144 629
2 Months Past due	1 911 885	2 490 154
3 Months Past due	1 519 724	1 908 927
> 3 Months Past due	997 715	720 450
<b>Total</b>	<b>9 901 469</b>	<b>10 264 161</b>

#### Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

Refer to note 6 for more detail regarding long term receivables, included debt impairment raised against outstanding gross balances.

#### 52.2 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.

#### 52.3 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.

	2021 R	2020 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	109 187 291	73 024 916
Long-term Liabilities (Including Current Portion)	(54 962 900)	(26 790 115)
<b>Net balance exposed</b>	<b>54 224 392</b>	<b>46 234 800</b>



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2021 R	2020 R
0.5% (2020 - 0.5%) increase in interest rates	271 122	231 174
0.5% (2020 - 0.5%) decrease in interest rates	(271 122)	(231 174)

A slowdown in Local and International economic activity (due to the COVID 19 pandemic) have prompted the Reserve Bank to cut interest rates during the financial current and prior year to support the economy. Management does not foresee significant interest rate movements during the next 12 months.

#### 52.4 Liquidity risk

Liquidity risk is the risk encountered by an entity 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:

30 JUNE 2021	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	11 960 073	36 503 211	23 647 578
Payables from exchange transactions	41 994 170	-	-
<b>Total</b>	<b>53 954 243</b>	<b>36 503 211</b>	<b>23 647 578</b>
30 JUNE 2020	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	8 525 487	19 376 510	8 345 535
Payables from exchange transactions	32 985 703	-	-
<b>Total</b>	<b>41 511 189</b>	<b>19 376 510</b>	<b>8 345 535</b>

The liquidity risk is further managed and guided by the Liquidity Policy.

# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under review.

#### 52.5 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.

### 53 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

#### Financial Assets

Cash and Cash Equivalents	109 201 928	73 041 284
Receivables from exchange transactions	37 150 150	34 673 623
Receivables from non-exchange transactions	175 618	175 618
Current Portion of Long-term Receivables	2 943	2 566
Long-Term Receivables	154 238	160 569
<b>Total</b>	<b>146 684 877</b>	<b>108 053 660</b>

#### Financial Liabilities

Current Portion of Long-term Liabilities	8 000 054	6 027 216
Payables from exchange transactions	41 994 170	32 985 703
Long-term Liabilities	46 962 845	20 762 900
<b>Total</b>	<b>96 957 070</b>	<b>59 775 818</b>

### 54 STATUTORY RECEIVABLES

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

#### **Receivables from Non-Exchange Transactions**

Rates	7 706 089	6 305 486
Fines	587 019	1 899 412
<b>Total</b>	<b>8 293 108</b>	<b>8 204 899</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	2021 R	2020 R
<b>54 STATUTORY RECEIVABLES (CONTINUED)</b>		
Statutory Receivables are disclosed after taking into account any impairments raised against gross amounts. Refer to note 4 for more detail relating to fines and rates receivables.		
Rates Receivable past due and impaired	<u>6 020 590</u>	<u>6 027 085</u>
Rates Receivable past due not impaired	<u>3 438 975</u>	<u>3 071 302</u>

### 55 EVENTS AFTER REPORTING DATE

The national state of disaster has been extended until 15 September 2021. Refer to note 61 where the financial impact of the COVID-19 pandemic on the Municipality is disclosed. Other than the COVID-19 pandemic, the Municipality had no other significant events after reporting date.

### 56 IN-KIND DONATIONS AND ASSISTANCE

**56.1** Refer to notes 23 and 24 for more detail regarding to public contributions and and other assistance/donated assets received.

**56.2** The municipality participate in the "ABSA Catalyx Youth Employment Service (YES)" programme with the overall aim to place one million youth into work over three years and concluded an agreement with ABSA to host 10 candidates from 1 December 2019 – 30 November 2020 to gain valuable work experienced by placing them in various departments. The youth are paid a stipend of R3700 per month by the programme sponsor ABSA. The service received in kind is not quantified in the records of the municipality as it is not considered significant compared to the operations of the municipality.

### 57 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

### 58 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

**58.1** Guarantees in favour of the following third parties - Post Office - R 50 000 (2020 - R 50 000)

### 59 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.

### 60 RELATED PARTIES

Related parties are defined in note 1.35

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.



# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 60 RELATED PARTIES (CONTINUED)

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

Remuneration of related parties are disclosed in notes 33 and 34

The Cape Agulhas Municipality as the holding entity had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Although the de-registration process is as yet not been finalised on 30 June 2018, the company does not have any assets or liabilities on the reporting dates under review (30 June 2016; 30 June 2017; 30 June 2018; 30 June 2019; 30 June 2020 and 30 June 2021). The process to de-register the company is considered to be an administrative matter to be finalised and no further financial activities have been conducted in the company on or beyond 30 June 2015. Due to the de-registration no consolidated financial statements are prepared for the financial year under review.

The following purchases were made during the year where Councillors, Management or Employees have an interest:

<u>Entity</u>	<u>Employee</u>	<b>2021</b> R	<b>2020</b> R
Adonai Funeral Home (Brother of D Fredericks)	D Fredericks	43 250	40 000
Diedericks Construction (Brother)	J Diedericks	6 607	129 504
SR Leonard (Sound for the street market - LED Office)	Z De Klerk	2 000	-
Shoprite Checkers - Bredasdorp (Refreshments)	E Zieff	71 426	375 192
EE Spandiel (Catering & Refreshments)	H Spandiel	7 815	6 450
<b>Total</b>		<b>131 098</b>	<b>551 146</b>

The prior year disclosure was updated to include Shoprite Checkers amounting to R 375 192 that was incorrectly omitted.

### 61 IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY

Cape Agulhas Local Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect that the lockdown levels had on its economic environment. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover from the lockdowns levels.

During 2019/20, the Municipality incurred costs amounting to R 4 283 841 in the fight against the COVID-19 pandemic of which R798 000 was grant funded. The remaining expenditure was funded by the Public Contributions and Own Revenue Sources.

During 2020/21, the received an additional Equitable Share allocation of R 4 305 000 for COVID relief. The R 2 212 000 of this funding was utilised during the year.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 62 NON-LIVING RESOURCES

Management identified the following non-living resources (other than land):

- Aquifer (from where water is extracted by utilising boreholes)

### 63 SEGMENT REPORTING

#### 63.1 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 45 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Governance and administration	Supply of overall governance and administrative services to the segments below
2	Community Services	Socio Economic Development, Housing, Cemeteries and Libraries
3	Tourism, Parks and Resorts	Tourism, Parks, Sport Facilities, Beaches and Holiday Resorts
4	Public and Environmental Safety	Traffic control, Law Enforcement and Environmental control
5	Town Planning and Building Control	Town planning and building control
6	Streets and Stormwater	Construction and maintenance of roads and storm water
7	Electricity Services	Electricity services
8	Water Services	Water services
9	Sewerage Services	Sewerage services
10	Refuse Removal Services	Refuse removal

#### 63.2 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.



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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 63 SEGMENT REPORTING (CONTINUED)

#### 63.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. towns), 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.

#### 63.4 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 as follows:



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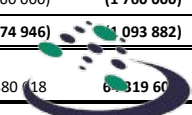
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**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021**

**63 SEGMENT REPORTING (CONTINUED)**

30 JUNE 2021	Governance and administration R	Community Services R	Tourism, Parks and Resorts R	Public and Environmental Safety R	Town Planning and Building Control R	Streets and Stormwater R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Removal Services R	Total R
<b>REVENUE</b>											
<b>External Revenue from Non-Exchange Transactions</b>	<b>128 872 244</b>	<b>6 831 888</b>	<b>1 202 000</b>	<b>2 417 499</b>	-	-	<b>2 500 000</b>	-	-	<b>1 760 000</b>	<b>143 583 631</b>
Property Rates	76 729 997	-	-	-	-	-	-	-	-	-	76 729 997
Government Grants and Subsidies - Capital	12 852 021	72 539	738 555	-	-	-	2 241 117	-	-	-	15 904 232
Government Grants and Subsidies - Operating	39 241 141	6 757 011	463 445	150 000	-	-	258 883	-	-	-	46 870 481
Public Contributions and Donations - Operating	26 243	-	-	-	-	-	-	-	-	-	26 243
Contributed Assets	-	-	-	-	-	-	-	-	-	1 760 000	1 760 000
Fines	-	2 338	-	2 267 499	-	-	-	-	-	-	2 269 837
Actuarial Gains	-	-	-	-	-	-	-	-	-	-	-
Third Party - Insurance Receipts	22 841	-	-	-	-	-	-	-	-	-	22 841
<b>External Revenue from Exchange Transactions</b>	<b>20 006 854</b>	<b>153 435</b>	<b>4 757 209</b>	<b>3 405 218</b>	<b>2 686 244</b>	-	<b>130 150 854</b>	<b>30 176 109</b>	<b>14 112 423</b>	<b>20 969 156</b>	<b>226 417 502</b>
Service Charges	-	-	-	-	-	-	128 956 565	29 126 419	13 847 124	20 953 925	192 884 033
Rental of Facilities and Equipment	2 313 512	24 038	4 750 970	-	-	-	-	-	-	-	7 088 520
Interest Earned - External Investments	3 138 479	-	-	-	-	-	-	-	-	-	3 138 479
Interest Earned - Outstanding Debtors	2 190 098	-	-	-	-	-	-	-	-	-	2 190 098
Licences and Permits	-	-	-	878 168	2 600	-	-	-	-	-	880 768
Agency Services	-	-	-	2 526 333	-	-	-	-	-	-	2 526 333
Other Income	6 582 304	129 396	6 239	717	2 683 644	-	1 194 289	1 049 690	265 299	15 230	11 926 809
Gains on Disposal of Properties	5 782 461	-	-	-	-	-	-	-	-	-	5 782 461
<b>TOTAL REVENUE</b>	<b>148 879 098</b>	<b>6 985 323</b>	<b>5 959 209</b>	<b>5 822 717</b>	<b>2 686 244</b>	-	<b>132 650 854</b>	<b>30 176 109</b>	<b>14 112 423</b>	<b>22 729 156</b>	<b>370 001 133</b>
<b>EXPENDITURE</b>	<b>112 564 347</b>	<b>13 457 971</b>	<b>18 104 165</b>	<b>16 689 022</b>	<b>6 113 899</b>	<b>17 332 965</b>	<b>110 189 683</b>	<b>24 007 217</b>	<b>12 627 412</b>	<b>22 344 102</b>	<b>353 430 783</b>
Employee Related Costs	57 163 654	12 155 766	15 123 744	11 239 933	5 412 563	10 068 049	9 078 261	12 369 914	6 885 944	10 194 854	149 692 682
Remuneration of Councillors	5 625 636	-	-	-	-	-	-	-	-	-	5 625 636
Debt Impairment	733 011	-	-	2 287 473	-	-	(706 260)	2 197 315	1 001 903	1 164 907	6 678 351
Depreciation and Amortisation	5 432 919	-	-	-	-	4 136 958	2 224 064	1 510 925	1 648 207	949 026	15 902 099
Impairments	-	-	-	-	-	-	-	-	-	487 122	487 122
Actuarial Losses	5 038 541	-	-	-	-	-	-	-	-	-	5 038 541
Finance Charges	5 611 517	34 877	164 745	3 496	-	10 334	60 585	102 736	14 049	3 988 082	9 990 421
Bulk Purchases	-	-	-	-	-	-	95 449 389	145 427	-	-	95 594 817
Contracted Services	12 222 871	343 621	881 675	1 741 254	481 451	846 739	437 388	2 295 248	693 701	3 418 138	23 362 084
Transfers and Grants	2 589 320	4 664	-	-	-	-	-	-	-	-	2 593 984
Other Expenditure	17 820 699	919 044	1 934 002	1 416 866	219 886	2 252 544	3 646 257	5 385 650	2 383 609	2 141 972	38 120 528
Loss on Disposal of Property, Plant and Equipment	326 180	-	-	-	-	18 340	-	-	-	-	344 520
<b>TOTAL EXPENDITURE</b>	<b>112 564 347</b>	<b>13 457 971</b>	<b>18 104 165</b>	<b>16 689 022</b>	<b>6 113 899</b>	<b>17 332 965</b>	<b>110 189 683</b>	<b>24 007 217</b>	<b>12 627 412</b>	<b>22 344 102</b>	<b>353 430 783</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>36 314 751</b>	<b>(6 472 648)</b>	<b>(12 144 956)</b>	<b>(10 866 305)</b>	<b>(3 427 655)</b>	<b>(17 332 965)</b>	<b>22 461 172</b>	<b>6 168 893</b>	<b>1 485 011</b>	<b>385 054</b>	<b>16 570 350</b>
Less: Government Grants and Subsidies - Capital	(12 852 021)	(72 539)	(738 555)	-	-	-	(2 241 117)	-	-	-	(15 904 232)
Less: Contributed Assets	-	-	-	-	-	-	-	-	-	(1 760 000)	(1 760 000)
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>23 462 729</b>	<b>(6 545 188)</b>	<b>(12 883 511)</b>	<b>(10 866 305)</b>	<b>(3 427 655)</b>	<b>(17 332 965)</b>	<b>20 220 055</b>	<b>6 168 893</b>	<b>1 485 011</b>	<b>(1 374 946)</b>	<b>11 093 882</b>
<b>CAPITAL EXPENDITURE FOR THE YEAR</b>	<b>5 008 357</b>	<b>77 948</b>	<b>2 169 073</b>	<b>196 788</b>	<b>4 984</b>	<b>8 925 402</b>	<b>6 148 242</b>	<b>1 926 684</b>	<b>29 981 505</b>	<b>9 880 118</b>	<b>60 319 60</b>



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021**

**63 SEGMENT REPORTING (CONTINUED)**

30 JUNE 2020	Governance and administration R	Community Services R	Tourism, Parks and Resorts R	Public and Environmental Safety R	Town Planning and Building Control R	Streets and Stormwater R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Removal Services R	Total R
<b>REVENUE</b>											
<b>External Revenue from Non-Exchange Transactions</b>	<b>130 049 423</b>	<b>6 401 773</b>	<b>400 000</b>	<b>8 773 482</b>	<b>-</b>	<b>-</b>	<b>6 000 000</b>	<b>575 000</b>	<b>-</b>	<b>-</b>	<b>152 199 678</b>
Property Rates	71 198 071	-	-	-	-	-	-	-	-	-	71 198 071
Government Grants and Subsidies - Capital	13 526 311	-	-	-	-	-	5 160 000	433 943	-	-	19 120 254
Government Grants and Subsidies - Operating	37 143 357	6 339 450	400 000	150 000	-	-	840 000	66 057	-	-	44 938 863
Public Contributions and Donations - Operating	190 030	-	-	-	-	-	-	-	-	-	190 030
Contributed Assets	1 929 248	42 887	-	-	-	-	-	75 000	-	-	2 047 134
Fines	-	19 437	-	8 623 482	-	-	-	-	-	-	8 642 918
Actuarial Gains	6 008 520	-	-	-	-	-	-	-	-	-	6 008 520
Third Party - Insurance Receipts	53 887	-	-	-	-	-	-	-	-	-	53 887
<b>External Revenue from Exchange Transactions</b>	<b>20 852 870</b>	<b>145 951</b>	<b>6 555 698</b>	<b>2 708 399</b>	<b>1 841 378</b>	<b>-</b>	<b>123 745 888</b>	<b>28 135 049</b>	<b>13 135 780</b>	<b>19 864 022</b>	<b>216 985 034</b>
Service Charges	-	-	-	-	-	-	122 224 269	27 451 147	12 969 507	19 851 521	182 496 443
Rental of Facilities and Equipment	2 285 348	37 815	6 344 701	-	-	-	-	-	-	-	8 667 864
Interest Earned - External Investments	6 282 982	-	-	-	-	-	-	-	-	-	6 282 982
Interest Earned - Outstanding Debtors	1 380 847	-	-	-	-	-	-	-	-	-	1 380 847
Licences and Permits	-	-	-	712 347	9 396	-	-	-	-	-	721 743
Agency Services	-	-	-	1 951 011	-	-	-	-	-	-	1 951 011
Other Income	5 849 787	108 136	210 996	45 041	1 831 982	-	1 521 619	683 902	166 273	12 502	10 430 238
Gains on Disposal of Properties	5 053 906	-	-	-	-	-	-	-	-	-	5 053 906
<b>TOTAL REVENUE</b>	<b>150 902 293</b>	<b>6 547 725</b>	<b>6 955 698</b>	<b>11 481 880</b>	<b>1 841 378</b>	<b>-</b>	<b>129 745 888</b>	<b>28 710 049</b>	<b>13 135 780</b>	<b>19 864 022</b>	<b>369 184 712</b>
<b>EXPENDITURE</b>	<b>105 213 223</b>	<b>14 591 461</b>	<b>15 584 826</b>	<b>22 882 253</b>	<b>6 885 976</b>	<b>17 541 196</b>	<b>103 946 132</b>	<b>22 388 729</b>	<b>12 453 132</b>	<b>20 682 656</b>	<b>342 169 583</b>
Employee Related Costs	53 935 323	12 848 035	12 325 280	11 162 845	4 955 956	10 724 603	7 935 965	11 244 064	5 741 925	6 597 291	137 471 285
Remuneration of Councillors	5 631 724	-	-	-	-	-	-	-	-	-	5 631 724
Debt Impairment	3 397 987	-	-	7 878 831	-	-	1 678 472	3 078 582	1 616 783	2 210 098	19 860 753
Depreciation and Amortisation	5 078 442	-	-	-	-	3 755 833	2 105 989	1 403 866	1 915 814	945 468	15 205 413
Impairments	-	-	-	-	-	-	-	-	-	4 387	4 387
Actuarial Losses	65 921	-	-	-	-	-	-	-	-	-	65 921
Finance Charges	6 062 601	38 530	183 650	7 792	-	23 055	80 968	128 318	31 314	3 705 875	10 262 104
Bulk Purchases	-	-	-	-	-	-	89 050 774	280 072	-	-	89 330 846
Contracted Services	9 310 730	289 769	998 296	2 416 609	1 632 486	1 279 971	888 027	1 105 103	1 051 198	5 634 182	24 606 371
Transfers and Grants	3 450 464	4 664	-	-	-	-	-	-	-	-	3 455 128
Other Expenditure	17 959 836	1 410 463	2 077 599	1 416 176	297 534	1 757 734	2 147 869	5 129 225	2 096 099	1 585 355	35 877 889
Loss on Disposal of Property, Plant and Equipment	320 194	-	-	-	-	-	58 069	19 500	-	-	397 763
<b>TOTAL EXPENDITURE</b>	<b>105 213 223</b>	<b>14 591 461</b>	<b>15 584 826</b>	<b>22 882 253</b>	<b>6 885 976</b>	<b>17 541 196</b>	<b>103 946 132</b>	<b>22 388 729</b>	<b>12 453 132</b>	<b>20 682 656</b>	<b>342 169 583</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>45 689 070</b>	<b>(8 043 736)</b>	<b>(8 629 128)</b>	<b>(11 400 372)</b>	<b>(5 044 598)</b>	<b>(17 541 196)</b>	<b>25 799 756</b>	<b>6 321 320</b>	<b>682 648</b>	<b>(818 634)</b>	<b>27 015 129</b>
Less: Government Grants and Subsidies - Capital	(13 526 311)	-	-	-	-	-	(5 160 000)	(433 943)	-	-	(19 120 254)
Less: Contributed Assets	(1 929 248)	(42 887)	-	-	-	-	-	(75 000)	-	-	(2 047 134)
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>30 233 511</b>	<b>(8 086 623)</b>	<b>(8 629 128)</b>	<b>(11 400 372)</b>	<b>(5 044 598)</b>	<b>(17 541 196)</b>	<b>20 639 756</b>	<b>5 812 377</b>	<b>682 648</b>	<b>(818 634)</b>	<b>5 847 741</b>
<b>CAPITAL EXPENDITURE FOR THE YEAR</b>	<b>8 667 472</b>	<b>45 987</b>	<b>3 169 555</b>	<b>744 378</b>	<b>3 900</b>	<b>7 246 245</b>	<b>10 766 458</b>	<b>4 138 214</b>	<b>6 566 182</b>	<b>1 697 747</b>	<b>45 030 801</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 64 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>Financial Performance</b>						
Property rates	74 061 100	642 900	74 704 000	76 729 997	2 025 997	71 198 071
Service charges	198 344 900	(1 018 800)	197 326 100	195 277 635	(2 048 465)	184 813 238
Investment revenue	3 300 000	(890 000)	2 410 000	3 138 479	728 479	6 282 982
Transfers recognised - operational	75 101 870	3 279 430	78 381 300	60 005 734	(18 375 566)	100 243 736
Other own revenue	29 236 000	1 864 900	31 100 900	30 320 309	(780 591)	40 784 170
<b>Total Operating Revenue</b>	<b>380 043 870</b>	<b>3 878 430</b>	<b>383 922 300</b>	<b>365 472 155</b>	<b>(18 450 145)</b>	<b>403 322 197</b>
Employee costs	149 348 219	(101 633)	149 246 586	149 418 095	171 509	134 411 335
Remuneration of councillors	6 034 300	-	6 034 300	5 625 636	(408 664)	5 631 724
Debt impairment	9 903 500	(335 000)	9 568 500	6 678 351	(2 890 149)	19 860 753
Depreciation & asset impairment	11 369 200	-	11 369 200	16 389 220	5 020 020	15 209 799
Finance charges	13 963 270	(2 142 370)	11 820 900	9 990 421	(1 830 479)	10 262 104
Bulk purchases	91 250 300	(20 000)	91 230 300	95 594 817	4 364 517	89 330 846
Transfers and grants	4 070 900	(812 000)	3 258 900	3 300 370	41 470	4 770 950
Other expenditure	99 683 478	3 748 330	103 431 808	79 569 128	(23 862 680)	117 996 944
<b>Total Expenditure</b>	<b>385 623 166</b>	<b>337 328</b>	<b>385 960 494</b>	<b>366 566 037</b>	<b>(19 394 457)</b>	<b>397 474 456</b>
<b>Surplus/(Deficit)</b>	<b>(5 579 296)</b>	<b>3 541 102</b>	<b>(2 038 194)</b>	<b>(1 093 882)</b>	<b>944 312</b>	<b>5 847 741</b>
Transfers recognised - capital	14 389 130	5 922 470	20 311 600	15 904 232	(4 407 368)	19 120 254
Contributed Assets	-	1 400 000	1 400 000	1 760 000	360 000	2 047 134
<b>Surplus/(Deficit) for the year</b>	<b>8 809 834</b>	<b>10 863 572</b>	<b>19 673 406</b>	<b>16 570 350</b>	<b>(3 103 056)</b>	<b>27 015 129</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

### 64 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>62 489 808</b>	<b>7 491 410</b>	<b>69 981 218</b>	<b>64 319 601</b>	<b>(5 661 617)</b>	<b>43 046 136</b>
Transfers recognised - capital	14 389 130	5 922 470	20 311 600	15 904 232	(4 407 368)	19 120 254
Public contributions & donations	-	-	-	-	-	2 047 134
Borrowing	36 183 367	955 250	37 138 617	33 530 226	(3 608 391)	7 709 276
Internally generated funds	11 917 311	613 690	12 531 001	14 885 143	2 354 142	14 169 472
<b>Total sources of capital funds</b>	<b>62 489 808</b>	<b>7 491 410</b>	<b>69 981 218</b>	<b>64 319 601</b>	<b>(5 661 617)</b>	<b>43 046 136</b>
<b>Cash flows</b>						
Net cash from (used) operating	2 579 237	25 718 424	28 297 661	58 117 570	29 819 908	30 387 616
Net cash from (used) investing	(62 482 127)	(3 896 525)	(66 378 652)	(50 634 880)	15 743 772	(35 453 566)
Net cash from (used) financing	22 238 959	6 235 477	28 474 436	28 677 955	203 519	(5 631 637)
<b>Net Cash Movement for the year</b>	<b>(37 663 931)</b>	<b>28 057 375</b>	<b>(9 606 556)</b>	<b>36 160 645</b>	<b>45 767 200</b>	<b>(10 697 586)</b>
Cash/cash equivalents at beginning of year	63 995 726	9 045 558	73 041 284	73 041 284	-	83 738 870
<b>Cash/cash equivalents at the year end</b>	<b>26 331 795</b>	<b>37 102 933</b>	<b>63 434 728</b>	<b>109 201 929</b>	<b>45 767 200</b>	<b>73 041 284</b>

Refer to Appendix E for more detail relating to the National Treasury Appropriation Statements

# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2021

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2020 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2021 R
<b><u>ANNUITY LOANS</u></b>							
ABSA	3044713107	10.60%	2026/06/30	867 310	-	(109 268)	758 043
ABSA	88397067	10.60%	2021/06/30	177 578	-	(177 578)	-
ABSA	88399019	10.60%	2021/06/30	77 916	-	(77 916)	-
ABSA	88396435	10.60%	2021/06/30	44 187	-	(44 187)	-
ABSA	88583065	10.60%	2021/06/30	52 708	-	(52 708)	-
ABSA	3046537820	9.84%	2027/06/30	1 903 750	-	(198 892)	1 704 857
NEDBANK	Vehicle Fleet	9.20%	2021/06/30	1 666 667	-	(1 666 667)	-
NEDBANK	INFRA 1	9.64%	2023/06/30	1 800 000	-	(600 000)	1 200 000
NEDBANK	INFRA 2	10.35%	2028/06/30	5 600 000	-	(700 000)	4 900 000
NEDBANK	INFRA 3	9.92%	2029/06/30	9 000 000	-	(1 000 000)	8 000 000
NEDBANK	INFRA 4	9.30%	2024/06/30	3 296 000	-	(824 000)	2 472 000
NEDBANK	Asset Finance	9.30%	2024/06/30	2 304 000	-	(576 000)	1 728 000
STANDARD BANK	Long (655414)	5.94%	2031/06/30	-	27 082 000	-	27 082 000
STANDARD BANK	Medium (655404)	6.14%	2024/06/30	-	4 800 000	-	4 800 000
STANDARD BANK	Asset (655433)	6.32%	2026/06/30	-	2 318 000	-	2 318 000
<b>Total Annuity Loans</b>				<b>26 790 115</b>	<b>34 200 000</b>	<b>(6 027 216)</b>	<b>54 962 900</b>
<b>Total Long-Term Liabilities</b>				<b>26 790 115</b>	<b>34 200 000</b>	<b>(6 027 216)</b>	<b>54 962 900</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2021

VOTE	30 JUNE 2021			30 JUNE 2020		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Engineering Services	215 341 711	(192 179 302)	23 162 410	204 890 773	(183 493 145)	21 397 628
Executive and Council	39 765 542	(43 073 335)	(3 307 794)	38 176 018	(46 595 508)	(8 419 489)
Financial Services & ICT	96 246 954	(68 800 250)	27 446 704	101 085 882	(59 508 838)	41 577 043
Management Services	18 646 926	(49 377 896)	(30 730 970)	25 032 040	(52 572 092)	(27 540 053)
<b>Total</b>	<b>370 001 133</b>	<b>(353 430 783)</b>	<b>16 570 350</b>	<b>369 184 712</b>	<b>(342 169 583)</b>	<b>27 015 129</b>



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## APPENDIX C (UNAUDITED)

### ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2021

	ACTUAL R	BUDGET R	VARIANCE R	EXPLANATION FOR MATERIAL VARIANCES
<b>OPERATING EXPENDITURE</b>				
Engineering Services	192 179 302	188 707 716	3 471 586	Understatement of Budget relating to non-cash expenditure items.
Executive and Council	43 073 335	46 649 990	(3 576 655)	Cost savings
Financial Services & ICT	68 800 250	64 636 250	4 164 000	Understatement of budget for Depreciation.
Management Services	49 377 896	85 966 538	(36 588 642)	Housing grant budgeted for in terms of DORA while treated on agency basis in financial statements
<b>Total</b>	<b>353 430 783</b>	<b>385 960 494</b>	<b>(32 529 711)</b>	
<b>CAPITAL EXPENDITURE</b>				
Engineering Services	56 901 165	61 729 523	(4 828 358)	Cost savings and grant projects not fully implemented.
Executive and Council	1 664 536	2 394 570	(730 034)	
Financial Services & ICT	3 133 530	3 153 935	(20 405)	
Management Services	2 620 369	2 703 190	(82 821)	
<b>Total</b>	<b>64 319 601</b>	<b>69 981 218</b>	<b>(5 661 617)</b>	



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX D (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2021

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	TRANSFER TO/ (FROM) RECEIVABLES	CLOSING BALANCE
	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	32 155 000	(32 155 000)	-	-	-
Equitable Share - Disaster Relief (COVID 19)	-	4 305 000	(2 212 000)	-	-	2 093 000
Financial Management Grant (FMG)	-	1 550 000	(1 265 800)	(284 200)	-	-
Municipal Infrastructure Grant (MIG)	-	12 326 000	(1 905 259)	(10 420 741)	-	-
Skills Development Fund and SETA Bursaries	5 526	219 447	(224 973)	-	-	-
National Electrification Programme (INEP)	-	2 500 000	(258 883)	(2 241 117)	-	-
Expanded Public Works Program (EPWP)	-	2 026 000	(2 026 000)	-	-	-
<b>Total</b>	<b>5 526</b>	<b>55 081 447</b>	<b>(40 047 916)</b>	<b>(12 946 057)</b>	<b>-</b>	<b>2 093 000</b>
<b>PROVINCIAL GOVERNMENT</b>						
Library Services	-	6 363 000	(6 290 461)	(72 539)	-	-
Internal Audit System (FMSG)	174 000	-	-	-	-	174 000
Graduate Bursary Scheme (FMSG)	-	300 000	(247 900)	-	-	52 100
Drought Support Grant	-	3 050 000	-	(692 766)	-	2 357 234
Department of Sport and Recreation	-	800 000	(61 445)	(738 555)	-	-
Proclaimed Road Subsidy	-	71 316	(71 316)	-	-	-
Community Development Workers (CDW)	91 550	56 000	(147 550)	-	-	-
Water Services Infrastructure Grant	-	7 700 000	-	-	-	7 700 000
RSEP - Annene Booysen Facilities	-	2 000 000	-	(1 287 308)	-	712 692
DEAT - LED Containers	20 899	150 000	(3 892)	(167 007)	-	-
<b>Total</b>	<b>286 449</b>	<b>20 490 316</b>	<b>(6 822 564)</b>	<b>(2 958 175)</b>	<b>-</b>	<b>10 996 026</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>291 975</b>	<b>75 571 763</b>	<b>(46 870 481)</b>	<b>(15 904 232)</b>	<b>-</b>	<b>13 089 026</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE OUTCOME 2020 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>127 464 700</b>	<b>15 288 500</b>	<b>142 753 200</b>	<b>147 420 890</b>	<b>4 667 690</b>	<b>147 390 348</b>
Executive and council	32 185 000	4 305 000	36 490 000	34 393 243	(2 096 757)	30 598 030
Finance and administration	95 279 700	10 983 500	106 263 200	113 027 648	6 764 448	116 792 318
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>	<b>58 298 200</b>	<b>(4 173 800)</b>	<b>54 124 400</b>	<b>28 497 285</b>	<b>(25 627 115)</b>	<b>77 581 776</b>
Community and social services	6 733 500	126 200	6 859 700	6 810 323	(49 377)	6 375 725
Sport and recreation	8 040 300	700 000	8 740 300	5 959 209	(2 781 091)	6 955 698
Public safety	12 460 400	(5 000 000)	7 460 400	2 417 499	(5 042 901)	8 773 482
Housing	31 064 000	-	31 064 000	13 310 254	(17 753 746)	55 476 873
<b>Economic and environmental services</b>	<b>7 230 700</b>	<b>170 900</b>	<b>7 401 600</b>	<b>7 549 669</b>	<b>148 069</b>	<b>8 061 722</b>
Planning and development	4 109 700	170 900	4 280 600	4 144 451	(136 149)	5 353 323
Road transport	3 121 000	-	3 121 000	3 405 218	284 218	2 708 399
<b>Trading services</b>	<b>201 439 400</b>	<b>(84 700)</b>	<b>201 354 700</b>	<b>199 668 542</b>	<b>(1 686 158)</b>	<b>191 455 739</b>
Energy Sources	139 037 600	(1 113 200)	137 924 400	132 650 854	(5 273 546)	129 745 888
Water Management	30 681 700	(500 000)	30 181 700	30 176 109	(5 591)	28 710 049
Waste water management	12 679 400	-	12 679 400	14 112 423	1 433 023	13 135 780
Waste management	19 040 700	1 528 500	20 569 200	22 729 156	2 159 956	19 864 022
<b>Total Revenue - Standard</b>	<b>394 433 000</b>	<b>11 200 900</b>	<b>405 633 900</b>	<b>383 136 387</b>	<b>(22 497 513)</b>	<b>424 489 585</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE D OUTCOME 2020 R
<b>EXPENDITURE</b>						
<b>Governance and administration</b>	<b>107 459 938</b>	<b>2 299 046</b>	<b>109 758 984</b>	<b>112 171 333</b>	<b>2 412 349</b>	<b>104 399 810</b>
Executive and council	16 954 600	(698 500)	16 256 100	15 579 146	(676 954)	16 375 410
Finance and administration	88 977 438	3 030 546	92 007 984	95 085 885	3 077 901	86 746 858
Internal audit	1 527 900	(33 000)	1 494 900	1 506 302	11 402	1 277 542
<b>Community and public safety</b>	<b>77 982 900</b>	<b>(2 195 050)</b>	<b>75 787 850</b>	<b>52 821 777</b>	<b>(22 966 073)</b>	<b>101 929 583</b>
Community and social services	11 384 600	(379 450)	11 005 150	11 925 570	920 420	13 356 631
Sport and recreation	13 495 700	(105 200)	13 390 500	12 535 073	(855 427)	12 383 816
Public safety	19 089 100	(1 627 880)	17 461 220	12 383 201	(5 078 019)	18 343 464
Housing	34 013 500	(82 520)	33 930 980	15 977 933	(17 953 047)	57 845 672
<b>Economic and environmental services</b>	<b>32 394 900</b>	<b>(444 700)</b>	<b>31 950 200</b>	<b>29 299 532</b>	<b>(2 650 668)</b>	<b>30 502 185</b>
Planning and development	11 342 000	(292 400)	11 049 600	8 971 024	(2 078 576)	9 728 169
Road transport	20 975 600	(121 300)	20 854 300	20 323 639	(530 661)	20 750 235
Environmental protection	77 300	(31 000)	46 300	4 870	(41 430)	23 781
<b>Trading services</b>	<b>164 609 628</b>	<b>858 092</b>	<b>165 467 720</b>	<b>169 168 413</b>	<b>3 700 693</b>	<b>159 470 649</b>
Energy Sources	106 612 864	426 892	107 039 756	110 189 683	3 149 927	103 946 132
Water Management	22 603 800	(428 900)	22 174 900	24 007 217	1 832 317	22 388 729
Waste water management	11 960 464	(24 100)	11 936 364	12 627 412	691 048	12 453 132
Waste management	23 432 500	884 200	24 316 700	22 344 102	(1 972 598)	20 682 656
<b>Other</b>	<b>3 175 800</b>	<b>(180 060)</b>	<b>2 995 740</b>	<b>3 104 982</b>	<b>109 242</b>	<b>1 172 230</b>
<b>Total Expenditure - Standard</b>	<b>385 623 166</b>	<b>337 328</b>	<b>385 960 494</b>	<b>366 566 037</b>	<b>(19 394 457)</b>	<b>397 474 456</b>
<b>Surplus/(Deficit) for the year</b>	<b>8 809 834</b>	<b>10 863 572</b>	<b>19 673 406</b>	<b>16 570 350</b>	<b>(3 103 056)</b>	<b>27 015 129</b>

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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE D OUTCOME 2020 R
<b>REVENUE</b>						
Executive and Council	36 383 500	4 587 900	40 971 400	39 765 542	(1 205 858)	38 176 018
Financial Services & ICT	81 968 300	6 387 900	88 356 200	96 246 954	7 890 754	101 085 882
Management Services	61 415 100	(4 105 200)	57 309 900	31 782 180	(25 527 720)	80 336 912
Engineering Services	214 666 100	4 330 300	218 996 400	215 341 711	(3 654 689)	204 890 773
<b>Total Revenue by Vote</b>	<b>394 433 000</b>	<b>11 200 900</b>	<b>405 633 900</b>	<b>383 136 387</b>	<b>(22 497 513)</b>	<b>424 489 585</b>
<b>EXPENDITURE</b>						
Executive and Council	47 890 700	(1 240 710)	46 649 990	43 073 335	(3 576 655)	46 595 508
Financial Services & ICT	61 788 154	2 848 096	64 636 250	68 800 250	4 164 000	59 508 838
Management Services	87 801 588	(1 835 050)	85 966 538	62 513 150	(23 453 388)	107 876 965
Engineering Services	188 142 724	564 992	188 707 716	192 179 302	3 471 586	183 493 145
<b>Total Expenditure by Vote</b>	<b>385 623 166</b>	<b>337 328</b>	<b>385 960 494</b>	<b>366 566 037</b>	<b>(19 394 457)</b>	<b>397 474 456</b>
<b>Surplus/(Deficit) for the year</b>	<b>8 809 834</b>	<b>10 863 572</b>	<b>19 673 406</b>	<b>16 570 350</b>	<b>(3 103 056)</b>	<b>27 015 129</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE OUTCOME 2020 R
<b>REVENUE BY SOURCE</b>						
Property rates	74 061 100	642 900	74 704 000	76 729 997	2 025 997	71 198 071
Service charges - electricity revenue	136 457 100	(1 147 300)	135 309 800	130 028 154	(5 281 646)	123 684 285
Service charges - water revenue	30 178 400	-	30 178 400	30 167 902	(10 498)	28 129 150
Service charges - sanitation revenue	12 668 700	-	12 668 700	14 112 423	1 443 723	13 135 780
Service charges - refuse revenue	19 040 700	128 500	19 169 200	20 969 156	1 799 956	19 864 022
Rental of facilities and equipment	1 199 700	105 600	1 305 300	2 337 946	1 032 646	2 329 667
Interest earned - external investments	3 300 000	(890 000)	2 410 000	3 138 479	728 479	6 282 982
Interest earned - outstanding debtors	1 838 800	-	1 838 800	2 190 098	351 298	1 380 847
Fines, penalties and forfeits	12 418 500	(5 040 000)	7 378 500	2 437 260	(4 941 240)	8 836 424
Licences and permits	25 400	-	25 400	2 600	(22 800)	9 396
Agency services	3 121 000	-	3 121 000	3 405 218	284 218	2 708 399
Transfers recognised - operational	75 101 870	3 279 430	78 381 300	60 005 734	(18 375 566)	100 243 736
Other revenue	10 632 600	4 599 300	15 231 900	14 164 727	(1 067 173)	20 465 531
Gains on Disposal of Properties	-	2 200 000	2 200 000	5 782 461	3 582 461	5 053 906
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>380 043 870</b>	<b>3 878 430</b>	<b>383 922 300</b>	<b>365 472 155</b>	<b>(18 450 145)</b>	<b>403 322 197</b>

The comparative figures were reclassified in line with the current year disclosure



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	149 348 219	(101 633)	149 246 586	149 418 095	171 509	134 411 335
Remuneration of councillors	6 034 300	-	6 034 300	5 625 636	(408 664)	5 631 724
Debt impairment	9 903 500	(335 000)	9 568 500	6 678 351	(2 890 149)	19 860 753
Depreciation & asset impairment	11 369 200	-	11 369 200	16 389 220	5 020 020	15 209 799
Finance charges	13 963 270	(2 142 370)	11 820 900	9 990 421	(1 830 479)	10 262 104
Bulk purchases	91 250 300	(20 000)	91 230 300	95 594 817	4 364 517	89 330 846
Contracted services	14 955 368	3 770 600	18 725 968	22 141 753	3 415 785	26 171 815
Transfers and grants	4 070 900	(812 000)	3 258 900	3 300 370	41 470	4 770 950
Other Expenditure and Materials	84 728 110	(22 270)	84 705 840	57 082 855	(27 622 985)	91 427 367
Loss on Disposal of Property, Plant and Equipment	-	-	-	344 520	344 520	397 763
<b>Total Expenditure</b>	<b>385 623 166</b>	<b>337 328</b>	<b>385 960 494</b>	<b>366 566 037</b>	<b>(19 394 457)</b>	<b>397 474 456</b>
<b>Surplus/(Deficit)</b>	<b>(5 579 296)</b>	<b>3 541 102</b>	<b>(2 038 194)</b>	<b>(1 093 882)</b>	<b>944 312</b>	<b>5 847 741</b>
Transfers recognised - capital	14 389 130	5 922 470	20 311 600	15 904 232	(4 407 368)	19 120 254
Contributed Assets	-	1 400 000	1 400 000	1 760 000	360 000	2 047 134
<b>Surplus/(Deficit) for the year</b>	<b>8 809 834</b>	<b>10 863 572</b>	<b>19 673 406</b>	<b>16 570 350</b>	<b>(3 103 056)</b>	<b>27 015 129</b>

The comparative figures were reclassified in line with the current year disclosure



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE D OUTCOME 2020 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Financial Services & ICT	2 000 000	25 600	2 025 600	2 025 036	(564)	1 379 949
Management Services	60 000	(15 000)	45 000	43 788	(1 212)	34 818
Engineering Services	9 489 103	3 188 220	12 677 323	10 081 980	(2 595 343)	14 692 854
<b>Total Multi-year expenditure</b>	<b>11 549 103</b>	<b>3 198 820</b>	<b>14 747 923</b>	<b>12 150 804</b>	<b>(2 597 119)</b>	<b>16 107 622</b>
<b>Single-year expenditure</b>						
Executive and Council	2 035 000	359 570	2 394 570	1 664 536	(730 034)	3 977 089
Financial Services & ICT	873 265	255 070	1 128 335	1 108 494	(19 841)	3 527 788
Management Services	2 830 100	(171 910)	2 658 190	2 576 581	(81 609)	3 536 736
Engineering Services	45 202 340	3 849 860	49 052 200	46 819 186	(2 233 014)	15 896 901
<b>Total Single-year expenditure</b>	<b>50 940 705</b>	<b>4 292 590</b>	<b>55 233 295</b>	<b>52 168 797</b>	<b>(3 064 498)</b>	<b>26 938 514</b>
<b>Total Capital Expenditure by Vote</b>	<b>62 489 808</b>	<b>7 491 410</b>	<b>69 981 218</b>	<b>64 319 601</b>	<b>(5 661 617)</b>	<b>43 046 136</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>	<b>3 302 265</b>	<b>312 870</b>	<b>3 615 135</b>	<b>3 576 900</b>	<b>(38 235)</b>	<b>6 226 217</b>
Executive and council	-	36 850	36 850	36 842	(8)	9 206
Finance and administration	3 302 265	276 020	3 578 285	3 540 058	(38 227)	6 217 011
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>	<b>2 201 100</b>	<b>(51 040)</b>	<b>2 150 060</b>	<b>2 080 927</b>	<b>(69 133)</b>	<b>2 585 076</b>
Community and social services	62 000	19 660	81 660	75 695	(5 965)	88 287
Sport and recreation	2 105 000	(65 500)	2 039 500	1 979 849	(59 651)	1 962 041
Public safety	30 600	(4 000)	26 600	23 130	(3 470)	531 648
Housing	3 500	(1 200)	2 300	2 253	(47)	3 100
<b>Economic and environmental services</b>	<b>11 906 657</b>	<b>1 413 030</b>	<b>13 319 687</b>	<b>10 557 718</b>	<b>(2 761 969)</b>	<b>9 869 090</b>
Planning and development	2 005 900	179 800	2 185 700	1 458 659	(727 041)	2 455 515
Road transport	9 830 757	1 294 030	11 124 787	9 089 945	(2 034 842)	7 250 405
Environmental protection	70 000	(60 800)	9 200	9 115	(85)	163 170
<b>Trading services</b>	<b>45 079 786</b>	<b>5 645 650</b>	<b>50 725 436</b>	<b>47 937 049</b>	<b>(2 788 387)</b>	<b>23 168 600</b>
Energy sources	6 328 946	(258 350)	6 070 596	6 148 242	77 646	10 766 458
Water management	3 660 000	1 445 600	5 105 600	1 926 684	(3 178 916)	4 138 214
Waste water management	32 910 840	3 200 000	36 110 840	29 981 505	(6 129 335)	6 566 182
Waste management	2 180 000	1 258 400	3 438 400	9 880 618	6 442 218	1 697 747
<b>Other</b>	<b>-</b>	<b>170 900</b>	<b>170 900</b>	<b>167 007</b>	<b>(3 893)</b>	<b>1 197 154</b>
<b>Total Capital Expenditure - Standard</b>	<b>62 489 808</b>	<b>7 491 410</b>	<b>69 981 218</b>	<b>64 319 601</b>	<b>(5 661 617)</b>	<b>43 046 136</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	11 833 130	2 379 070	14 212 200	12 946 057	(1 266 143)	14 286 513
Provincial Government	2 556 000	3 543 400	6 099 400	2 958 175	(3 141 225)	4 833 741
<b>Transfers recognised - capital</b>	<b>14 389 130</b>	<b>5 922 470</b>	<b>20 311 600</b>	<b>15 904 232</b>	<b>(4 407 368)</b>	<b>19 120 254</b>
Public contributions & donations	-	-	-	-	-	2 047 134
Borrowing	36 183 367	955 250	37 138 617	33 530 226	(3 608 391)	7 709 276
Internally generated funds	11 917 311	613 690	12 531 001	14 885 143	2 354 142	14 169 472
<b>Total Capital Funding</b>	<b>62 489 808</b>	<b>7 491 410</b>	<b>69 981 218</b>	<b>64 319 601</b>	<b>(5 661 617)</b>	<b>43 046 136</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CASH FLOWS

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	66 654 990	3 155 166	69 810 156	75 126 383	5 316 228	70 120 375
Service charges	178 510 410	5 888 896	184 399 306	188 786 206	4 386 900	170 183 681
Other revenue	18 213 320	9 221 007	27 434 327	21 113 042	(6 321 285)	14 398 424
Government - operating	75 101 870	3 167 430	78 269 300	72 240 290	(6 029 010)	98 365 179
Government - capital	13 889 130	6 401 570	20 290 700	26 653 259	6 362 559	19 164 365
Interest	4 954 920	(826 579)	4 128 341	5 328 577	1 200 236	7 663 829
<b>Payments</b>						
Suppliers and employees	(347 026 603)	(2 124 065)	(349 150 669)	(326 038 343)	23 112 325	(342 961 751)
Finance charges	(3 647 900)	23 000	(3 624 900)	(2 497 861)	1 127 039	(3 091 359)
Transfers and Grants	(4 070 900)	812 000	(3 258 900)	(2 593 984)	664 916	(3 455 128)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2 579 237</b>	<b>25 718 424</b>	<b>28 297 661</b>	<b>58 117 570</b>	<b>29 819 908</b>	<b>30 387 616</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of Assets	-	2 200 000	2 200 000	5 791 614	3 591 614	5 073 906
Decrease other non-current receivables	7 681	(5 115)	2 566	5 954	3 388	29 001
<b>Payments</b>						
Capital assets	(62 489 808)	(6 091 410)	(68 581 218)	(56 432 448)	12 148 770	(40 556 472)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(62 482 127)</b>	<b>(3 896 525)</b>	<b>(66 378 652)</b>	<b>(50 634 880)</b>	<b>15 743 772</b>	<b>(35 453 566)</b>



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# CAPE AGULHAS LOCAL MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CASH FLOWS

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	28 440 263	5 759 737	34 200 000	34 200 000	-	-
Increase (decrease) in consumer deposits	298 696	2 956	301 652	505 171	203 519	331 049
<b>Payments</b>						
Repayment of borrowing	(6 500 000)	472 784	(6 027 216)	(6 027 216)	-	(5 962 686)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>22 238 959</b>	<b>6 235 477</b>	<b>28 474 436</b>	<b>28 677 955</b>	<b>203 519</b>	<b>(5 631 637)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(37 663 931)</b>	<b>28 057 375</b>	<b>(9 606 556)</b>	<b>36 160 644</b>	<b>45 767 200</b>	<b>(10 697 586)</b>
Cash/cash equivalents at the year begin:	63 995 726	9 045 558	73 041 284	73 041 284	-	83 738 870
Cash/cash equivalents at the year end:	26 331 795	37 102 933	63 434 728	109 201 928	45 767 200	73 041 284
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(37 663 931)</b>	<b>28 057 375</b>	<b>(9 606 556)</b>	<b>36 160 644</b>	<b>45 767 200</b>	<b>(10 697 586)</b>



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