

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024



Swartland Municipality
Audited
Annual Financial Statements for
the year ended 30 June 2024

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Nature of business and principal activities

Swartland Municipality (the municipality) is a category B, medium capacity, local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed hereunder and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

Reporting entity's mandate:

The reporting entity (hereafter 'the Entity') is a medium-capacity, category B local authority established in terms of section 151 of the Constitution of the Republic of South Africa.

The principal activities of the Entity are to:

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

The Entity's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems Act (Act 32 of 2000) and various other acts and regulations.

Executive Mayor
Deputy Executive Mayor
Speaker

Alderman J H Cleophas
Councillor J M De Beer
Alderman M Rangasamy

Members of Executive Mayoral Committee

Executive Mayor	Alderman J H Cleophas
Deputy Executive Mayor	Councillor J M De Beer
Member	Councillor N Smit
Member	Alderman T van Essen
Member	Councillor A K Warnick
Member	Councillor D G Bess

Chairpersons of Portfolio Committees

Office of the Municipal Manager Administration and Finances	Councillor I S le Minnie
Civil and Electrical Services	Councillor R J Jooste
Development Services	Councillor G Vermeulen
Protection Services	Alderdady Nel

Members of the Independent Performance and Risk Audit Committee

Chairperson	C B De Jager
Member	R Gani
Member	B Gouws

Auditors

Auditor-General of South Africa

Bankers

Standard Bank of South Africa

Registered office

1 Church Street
MALMESBURY
7300

Swartland Municipality

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General Information

Business address	1 Church Street MALMESBURY 7300
Postal address	Private Bag X 52 Malmesbury 7299
Accounting Officer	J J Scholtz
Chief Financial Officer	M A C Bolton
Council members of the Swartland Municipality	Bess D G Booyesen A M Cleophas J H De Beer J M Gaika M Jooste R J Le Minnie I S Ngozi M O'Kennedy E C Papier J R Fortuin C Penxa B J Pieters C Pypers D C Rangasamy M A Smit N Soldaka P E White G E Van Essen T Nel M Vermeulen G Williams A N Warnick A K

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The reports and statements set out below comprise the annual financial statements presented to the Provincial Legislature:

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COID	Compensation for Occupational Injuries and Diseases
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and must be given unrestricted access to all financial records and related data.

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, the accounting officer is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

In terms of Section 13G of the Broad-Based Black Economic Empowerment Amendment Act (Act 46 of 2013), read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Compliance is disclosed in the annual report.

I certify that salaries, allowances and benefits of councillors as disclosed in note 37 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 6 to 119, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2024 and were signed:



J J Scholtz
Accounting Officer

Friday, 30 August 2024

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	470 491 311	722 016 835
Receivables from exchange transactions	3 and 5	119 105 779	90 842 996
Receivables from non-exchange transactions	4 and 5	34 292 280	34 688 479
Inventories	7	21 602 623	23 023 111
VAT receivable	9	23 036 992	9 030 732
		668 528 985	879 602 153
Non-Current Assets			
Property, plant and equipment	11	2 320 840 796	2 215 749 938
Investment property	12	24 940 643	23 339 121
Intangible assets		503 141	606 400
Heritage assets		4 120 691	1 345 400
Other financial assets	13	300 000 000	-
Receivables from exchange transactions	3 and 13	33 119 014	-
		2 683 524 285	2 241 040 859
Total Assets		3 352 053 270	3 120 643 012
Liabilities			
Current Liabilities			
Operating lease liability	8	334 731	223 681
Payables from exchange transactions	14	88 832 667	103 492 340
Consumer deposits	15	19 659 688	17 845 831
Construction contracts payables	6	-	79 520
Unspent conditional grants and receipts	16	30 493 916	9 360 378
Other financial liabilities	17	5 455 716	8 761 333
Employee benefit obligation	18	6 605 000	4 916 000
Provisions	19	8 780 333	8 192 545
		160 162 051	152 871 628
Non-Current Liabilities			
Other financial liabilities	17	33 358 238	82 089 645
Employee benefit obligation	18	89 675 000	82 974 000
Provisions	19	57 311 777	58 486 876
		180 345 015	223 550 521
Total Liabilities		340 507 066	376 422 149
Net Assets		3 011 546 204	2 744 220 863
Reserves			
Reserves	21	299 421 237	259 260 281
Accumulated surplus	22	2 712 124 967	2 484 960 582
Total Net Assets		3 011 546 204	2 744 220 863

* See Note 62

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	630 654 582	523 090 767
Agency services	24	5 348 435	5 511 479
Construction contracts	6	79 520	17 729 913
Interest received	25	88 032 664	61 390 999
Operational revenue	26	17 329 201	15 130 524
Rental of facilities and equipment	27	1 382 483	1 589 981
Development charges	28	41 767 348	1 706 707
Total revenue from exchange transactions		784 594 233	626 150 370
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	163 174 552	152 116 870
Interest received on receivables	4 and 30	1 974 074	1 596 453
Transfer revenue			
Government grants and subsidies	31	283 874 832	214 584 639
Donated property, plant and equipment		306 822	6 143 474
Fines, Penalties and Forfeits	32	38 582 078	34 692 160
Licences and permits (non-exchange)	33	5 079 411	5 087 529
Public contributions and donations	34	1 178 090	11 248 071
Vesting of properties and equipment		921 992	732 965
Availability charges	35	11 093 950	10 889 395
Total revenue from non-exchange transactions		506 185 801	437 091 556
Total revenue		1 290 780 034	1 063 241 926
Expenditure			
Employee related costs	36	316 536 834	286 378 168
Remuneration of councillors	37	12 004 775	11 225 003
Bad debts written off	4	34 705 031	43 096 415
Bulk purchases	38	340 331 780	289 451 395
Contracted services	39	69 008 625	87 019 625
Depreciation and amortisation	40	103 283 357	94 562 938
Finance costs	41	12 830 517	16 266 039
Grants and subsidies paid	42	4 724 279	4 245 586
Operational cost	43	42 971 455	38 191 069
Other materials	44	53 319 903	55 778 336
Total expenditure		989 716 556	926 214 574
Operating surplus		301 063 478	137 027 352
Gains on sale of fixed assets		1 828 939	2 185 594
Gains on sale of land		211 625	7 026 603
Reversal / (impairment) of assets and receivables	45	(18 990 976)	5 396 351
Inventory losses: Water losses	7	(6 301 059)	(4 439 286)
Loss on disposal of assets	46	(10 486 669)	(10 266 498)
		(33 738 140)	(97 236)
Surplus for the year		267 325 338	136 930 116

* See Note 62

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Statement of Changes in Net Assets

	Statutory funds	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand					
Opening balance as previously reported	1 003	266 156 243	266 157 246	2 341 440 453	2 607 597 699
Adjustments					
Correction of errors	-	-	-	(306 952)	(306 952)
Balance at 01 July 2022 as restated*	1 003	266 156 243	266 157 246	2 341 133 501	2 607 290 747
Changes in net assets					
Surplus for the year	-	-	-	136 930 116	136 930 116
Transfer from Statutory Fund	(1 003)	-	(1 003)	1 003	-
Transfer to Capital Replacement Reserve	-	91 909 624	91 909 624	(91 909 624)	-
Property, plant and equipment purchased	-	(98 805 586)	(98 805 586)	98 805 586	-
Total changes	(1 003)	(6 895 962)	(6 896 965)	143 827 081	136 930 116
Restated* Balance at 01 July 2023	-	259 260 281	259 260 281	2 484 960 585	2 744 220 866
Changes in net assets					
Surplus for the year	-	-	-	267 325 338	267 325 338
Transfer to Capital Replacement Reserve	-	164 784 984	164 784 984	(164 784 984)	-
Property, plant and equipment purchased	-	(124 624 028)	(124 624 028)	124 624 028	-
Total changes	-	40 160 956	40 160 956	227 164 382	267 325 338
Balance at 30 June 2024	-	299 421 237	299 421 237	2 712 124 967	3 011 546 204
Note(s)	20	21			

Accumulated Surplus has been restated to correctly classify amounts held by the municipality. Refer to Note 62 "Restatement of prior year" for details of the restatements.

* See Note 62

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Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Interest income		55 994 685	61 933 357
Cash receipts from services and rate payers		797 478 558	729 642 530
Cash receipts from government grants and other grants		304 758 955	234 711 500
		<u>1 158 232 198</u>	<u>1 026 287 387</u>
Payments			
Finance costs		(6 896 832)	(10 180 381)
Cash paid to suppliers and employees		(842 627 234)	(780 405 919)
		<u>(849 524 066)</u>	<u>(790 586 300)</u>
Net cash flows from operating activities	47	<u>308 708 132</u>	<u>235 701 087</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	47	(210 025 571)	(172 155 872)
Proceeds from sale of property, plant and equipment		1 828 939	2 185 594
Purchase of other intangible assets		-	(171 730)
Investment in other financial assets		(300 000 000)	-
Net cash flows from investing activities		<u>(508 196 632)</u>	<u>(170 142 008)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(52 037 024)	(8 634 196)
Finance lease receipts		-	1 003
Net cash flows from financing activities		<u>(52 037 024)</u>	<u>(8 633 193)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(251 525 524)</u>	<u>56 925 886</u>
Cash and cash equivalents at the beginning of the year		722 016 835	665 090 949
Cash and cash equivalents at the end of the year	2	<u>470 491 311</u>	<u>722 016 835</u>

The decrease in Cash and cash equivalents is due to an increase in long-term Investments. Refer to Note 13.

* See Note 62

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments (Virements)	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Service charges - electricity revenue	399 716 198	-	399 716 198	443 249 370	43 533 172	48.1
Service charges - water revenue	91 856 867	-	91 856 867	92 981 779	1 124 912	
Service charges - sanitation revenue	52 364 273	-	52 364 273	60 460 874	8 096 601	48.2
Service charges - refuse revenue	32 996 865	-	32 996 865	33 962 559	965 694	
Rendering of services	13 326 791	-	13 326 791	14 571 306	1 244 515	
Agency services	6 402 902	-	6 402 902	5 348 435	(1 054 467)	48.3
Rental of facilities and equipment	2 034 625	-	2 034 625	1 382 483	(652 142)	48.5
Interest earned - external investments	83 050 548	-	83 050 548	84 764 075	1 713 527	
Interest earned - outstanding debtors	3 199 152	-	3 199 152	3 694 797	495 645	48.4
Operational revenue - exchange	41 904 020	-	41 904 020	44 525 244	2 621 224	
Total revenue	726 852 241	-	726 852 241	784 940 922	58 088 681	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	167 829 935	-	167 829 935	163 174 552	(4 655 383)	
Licences and Permits (Non-exchange)	5 193 871	-	5 193 871	5 079 410	(114 461)	
Interest received on rates receivables	1 463 020	-	1 463 020	1 547 866	84 846	
Transfer revenue						
Transfers & subsidies - Operational	172 097 266	-	172 097 266	171 662 265	(435 001)	
Transfers & Subsidies - Capital Monetary allocations (National/Provincial and District)	119 908 999	-	119 908 999	113 470 176	(6 438 823)	
Fines Penalties & Forfeits	39 506 787	-	39 506 787	38 582 079	(924 708)	
Transfers and Subsidies capital (in-kind)	-	-	-	306 822	306 822	48.15
Operational revenue/Availability Gains	15 401 899	-	15 401 899	11 093 950	(4 307 949)	48.6
	4 168 695	-	4 168 695	2 962 555	(1 206 140)	48.7
Total revenue from non-exchange transactions	525 570 472	-	525 570 472	507 879 675	(17 690 797)	
Total revenue	1 252 422 713	-	1 252 422 713	1 292 820 597	40 397 884	
Expenditure						
Employee related costs	(318 240 760)	344 999	(317 895 761)	(315 708 755)	2 187 006	
Remuneration of councillors	(12 419 258)	-	(12 419 258)	(12 004 775)	414 483	
Depreciation and asset impairment	(118 669 977)	-	(118 669 977)	(111 937 809)	6 732 168	
Finance charges	(12 943 988)	-	(12 943 988)	(12 335 335)	608 653	
Irrecoverable debts written off	(44 100 774)	-	(44 100 774)	(34 705 031)	9 395 743	48.12
Debt impairment	(700 353)	-	(700 353)	(10 371 467)	(9 671 114)	48.8
Bulk purchases - electricity	(333 880 869)	-	(333 880 869)	(340 331 780)	(6 450 911)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments (Virements)	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Contracted services	(77 316 632)	(2 802 833)	(80 119 465)	(71 683 231)	8 436 234	48.10
Transfers and subsidies	(5 426 498)	225 000	(5 201 498)	(4 424 278)	777 220	
Inventory consumed	(59 987 792)	1 974 048	(58 013 744)	(50 911 782)	7 101 962	48.9
Other expenditure	(58 574 226)	258 786	(58 315 440)	(45 271 685)	13 043 755	48.11
Losses on Disposal of Assets	(15 374 432)	-	(15 374 432)	(10 451 726)	4 922 706	48.13
Losses	(13 716 647)	-	(13 716 647)	(5 357 602)	8 359 045	48.14
Total expenditure	(1 071 352 206)		-(1 071 352 206)	(1 025 495 256)	45 856 950	
Actual Amount on Comparable Basis	181 070 507		- 181 070 507	267 325 341	86 254 834	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments (Virements)	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Cash	394 543 088	-	394 543 088	470 491 310	75 948 222	48.16
Trade and other receivables from exchange transactions	92 404 442	-	92 404 442	102 876 193	10 471 751	48.17
Receivables from non-exchange	33 141 203	-	33 141 203	34 292 282	1 151 079	
Current portion of long-term receivables	(139 488)	-	(139 488)	(334 731)	(195 243)	48.18
Inventory	20 653 476	-	20 653 476	21 602 622	949 146	
VAT	10 049 344	-	10 049 344	32 466 784	22 417 440	48.19
Other current assets	184 591	-	184 591	16 229 585	16 044 994	48.20
	550 836 656	-	550 836 656	677 624 045	126 787 389	
Non-Current Assets						
Investment property	20 255 217	-	20 255 217	24 940 643	4 685 426	48.22
Property, plant and equipment	2 326 829 923	-	2 326 829 923	2 320 840 793	(5 989 130)	
Intangible	396 161	-	396 161	503 141	106 980	48.21
Heritage assets	1 345 400	-	1 345 400	4 120 691	2 775 291	48.23
Investments	333 028 027	-	333 028 027	333 119 014	90 987	
	2 681 854 728	-	2 681 854 728	2 683 524 282	1 669 554	
Total Assets	3 232 691 384	-	3 232 691 384	3 361 148 327	128 456 943	
Liabilities						
Current Liabilities						
Borrowing	3 543 634	-	3 543 634	5 455 716	1 912 082	48.24
Consumer deposits	18 345 831	-	18 345 831	19 659 688	1 313 857	
Trade payables from exchange transactions	87 406 099	-	87 406 099	81 063 515	(6 342 584)	
Trade and other payables from (non-exchange)	75 000	-	75 000	30 493 915	30 418 915	48.25
VAT	1 018 613	-	1 018 613	9 429 792	8 411 179	48.26
Provisions	13 535 077	-	13 535 077	23 154 485	9 619 408	48.27
	123 924 254	-	123 924 254	169 257 111	45 332 857	
Non-Current Liabilities						
Borrowing	33 336 301	-	33 336 301	33 358 238	21 937	
Provisions	75 478 029	-	75 478 029	70 058 776	(5 419 253)	
Other non-current liabilities	73 402 548	-	73 402 548	76 928 000	3 525 452	
	182 216 878	-	182 216 878	180 345 014	(1 871 864)	
Total Liabilities	306 141 132	-	306 141 132	349 602 125	43 460 993	
Net Assets	2 926 550 252	-	2 926 550 252	3 011 546 202	84 995 950	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments (Virements)	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Reserves						
Reserves	303 718 982	-	303 718 982	299 421 235	(4 297 747)	
Accumulated surplus	2 622 831 270	-	2 622 831 270	2 712 124 967	89 293 697	
Total Net Assets	2 926 550 252	-	2 926 550 252	3 011 546 202	84 995 950	

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments (Virements)	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash receipts from rate payers, government and other	784 867 156	-	784 867 156	797 478 557	12 611 401	
Grants	282 384 875	-	282 384 875	304 758 955	22 374 080	
Interest	83 050 548	-	83 050 548	55 994 685	(27 055 863)	48.28
	1 150 302 579	-	1 150 302 579	1 158 232 197	7 929 618	
Payments						
Finance charges	(6 896 835)	-	(6 896 835)	(6 896 832)	3	
Cash paid to suppliers and employees	(875 851 652)	-	(875 851 652)	(844 441 089)	31 410 563	
	(882 748 487)	-	(882 748 487)	(851 337 921)	31 410 566	
Net cash flows from operating activities	267 554 092	-	267 554 092	306 894 276	39 340 184	
Cash flows from investing activities						
Proceeds on disposal of property, plant and equipment	4 168 695	-	4 168 695	1 828 939	(2 339 756)	48.29
Capital assets (Payments)	(214 609 545)	-	(214 609 545)	(210 025 571)	4 583 974	
Decrease(increase) in non-current investments	(333 028 027)	-	(333 028 027)	(300 000 000)	33 028 027	48.30
Net cash flows from investing activities	(543 468 877)	-	(543 468 877)	(508 196 632)	35 272 245	
Cash flows from financing activities						
Repayment of borrowing	(52 058 962)	-	(52 058 962)	(52 037 025)	21 937	
Increase (decrease) in consumer deposits	500 000	-	500 000	1 813 857	1 313 857	48.31
Net cash flows from financing activities	(51 558 962)	-	(51 558 962)	(50 223 168)	1 335 794	
Net increase/(decrease) in cash and cash equivalents	(327 473 747)	-	(327 473 747)	(251 525 524)	75 948 223	
Cash and cash equivalents at the beginning of the year	722 016 835	-	722 016 835	722 016 835	-	
Cash and cash equivalents at the end of the year	394 543 088	-	394 543 088	470 491 311	75 948 223	

Budget variances are discussed in Note 48.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Changes in accounting policies, changes in estimates and errors

Accounting Policies have been consistently applied, except where otherwise indicated. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

Standards that are not yet effective are included in policy 1.2 below.

1.2 Standards, amendments to standards and interpretations issued but not yet effective

The ASB Directive 5, paragraph 8, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors. The following standards were considered:

- Amendments to GRAP 25: Employee Benefits (effective date 1 April 2023)
- Improvements to the Standards of GRAP (effective date 1 April 2023)
- Amendments to GRAP 104: Financial Instruments (effective date 1 April 2025)
- IGRAP 7 on the limit on a defined benefit asset, minimum funding requirements and their interaction (revised) (effective date 1 April 2023)
- IGRAP 21 on the effect of past decisions on materiality (effective date 1 April 2023)
- Guideline on the Application of Materiality to Financial Statements (no effective date)
- Guideline on Accounting for Landfill sites (effective date 1 April 2023)
- GRAP 1: Presentation of Financial Statements (amendments related to materiality) (effective date 1 April 2023)
- GRAP 1: Presentation of Financial Statements (amendments related to going concern) (no effective date)

GRAP standards that were issued but are not yet effective, have not been early adopted by the municipality.

The amendments to GRAP 25: Employee Benefits and IGRAP 7: As the municipality does not hold any plan assets, the amendments are unlikely to have any material impact the Statement of Financial Position or Statement of Financial Performance of the municipality. Some of the disclosures in the notes to the financial statements have been improved in order to allow users to assess the impact of these benefits on the going concern status of the municipality.

The ASB embarked on a project to improve the Standards of GRAP due to some implementation concerns raised by preparers, users, auditors and others. No major changes to the accounting policies and application were required.

The amendments to GRAP 104: Financial Instruments will result in significant changes in classification and impairment considerations. In terms of classification, the definitions of each designation has been enhanced which might result in changes in financial instruments at amortised cost. The impairment considerations will also be affected whereby impairment requires an expected future credit loss, rather than the current approach whereby historical data is currently the primary source for impairment methods. Some other changes are also expected and will be presented once more detailed analysis becomes available from consultations with various GRAP stakeholders.

IGRAP 21 has an impact on how to assess changes in the materiality assessments of the prior period. This interpretation guides the use of materiality in the annual financial statements. The guideline on the Application of Materiality also enhances the ability of preparers and users to apply materiality when assessing appropriateness of presentation and disclosure within the annual financial statements. The guideline is not authoritative and therefore will not have any effective date. In respect of the aspects of materiality, GRAP 1: Presentation of Financial Statements were also amended to ensure the concept of materiality is included in this Standard. Other minor amendments were also made in an effort to enhance the usefulness of general use annual financial statements. Given the municipal accounting policy on materiality, the amendments to GRAP 1 will not have a significant impact on the Annual Financial Statements of Swartland Municipality.

The municipal accounting policies already incorporated the guideline for accounting for landfill sites.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

The amendments to GRAP 1: Presentation of Financial Statements will not have any impact on Swartland municipality given the municipal assessment of going concern.

As such, no new standards, interpretation or other pronouncements were introduced during the period under review having a significant impact on the financial statements.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

In assessing whether the going concern assumption is appropriate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

1.4 Materiality

Management has applied its judgement in terms of assessing all matters in the annual financial statements with reference to materiality. Items are reported based on aggregation and in some instances, the aggregation would result in some standards of GRAP not being applied as the items affected by these standards were assessed as not being material. Items of dissimilar nature may be aggregated provided that these items are not material and that the aggregation is based on management's procedures to allow the discharge of accountability (when the same manager is responsible for items that meets the requirement of more than one accounting standard).

Both the qualitative and quantitative characteristics of an item are considered when applying materiality. Care is taken to ensure that these annual financial statements provide users with the most suitable information in order to evaluate the performance of the municipality.

Management has applied its judgement in terms of materiality and has determined a trivial threshold of R100 000. This threshold will be used to evaluate variances such as differences in the budget comparison and movements on the impairment of Statutory Receivables. This threshold does not imply that all totals of R100 000 or less would automatically be excluded from the annual financial statements. It merely determines a cut-off value where no further disclosures or corrections would be made. Items where the balance is less than R100 000 would first need to be evaluated in terms of the origin of such an amount. If a balance is less than R100 000, but significant debits and credits are set-off in order to arrive at such a net balance, such balance should still be disclosed due to the significance of the individual items that comprise such a balance. The operating lease asset, operating lease liability and VAT were therefore separately disclosed.

Prior period errors are only corrected when these are found to be material. All immaterial prior period errors are corrected in the current year and the previously reported figures will not be corrected.

Materiality is reviewed annually and only when an error in prior year's judgement is identified based on information that existed at the time of publication of the annual financial statements, would prior period immaterial errors be rolled forward and reassessed in the current year based on the revised materiality considerations.

1.5 Significant judgements and sources of estimation uncertainty

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

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

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Financial Instruments and Statutory Receivables

The classification of Financial Assets and Liabilities as well as Statutory Receivables require judgement. The accounting policy 1.6 on Financial Instruments: Classification as well as the accounting policy 1.7 on Statutory Receivables: Definitions describes the factors considered in applying management's judgement.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments and GRAP 108: Statutory Receivables.

Receivables are considered past due when payment is not received by the due date. If a debtor receives a statement, all amounts in the 30 days and older columns are those considered past due in terms of the municipal by-laws.

A detailed assessment was done in order to determine whether grant related items: Unspent Grants and Construction Contracts, should be classified as a Financial Instrument or not. Specifically, the GRAP FAQ for Statutory Receivables was used whilst being cognisant of the requirements of both AG.29 and AG.29A of GRAP 104. After careful consideration of the specific facts applicable, the requirements of the FAQ were found to reflect the best version of events for Swartland Municipality. The facts and circumstances for municipalities may differ, resulting in different conclusions as to whether unspent grants and construction contracts should be considered a financial instrument. For Swartland Municipality, the majority of revenue is recognised based on the terms agreed rather than the underlying legislation which supports the grant. The majority of grant related funds are firstly based on a contract/arrangement falling within GRAP 104 and in these arrangements reference would be made to the relevant legislated requirements.

Impairment of Trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. The recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The impairment allowance is calculated using the effective interest rate (prime +1%). The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 3, 4 and 5 to the Annual Financial Statements.

Impairment of Statutory receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such a receivable. Debtors are grouped into appropriate aggregated grouping levels when insufficient information is available to assess individual debtors. Aggregation is based on best practice and receivables are assessed on historic information available. Thereafter the past due (accounts in arrears, i.e. not current), but not impaired debtors are subjected to a further impairment test taking into account the effect of time resulting in a discounting of debtors being included as a further factor for impairment of statutory receivables. Outstanding receivables that are past due are charged interest at prime +1% in terms of the municipal by-laws. This is considered the appropriate discount rate as it is market based. Only those receivables that are not subject to an interest charge would be assessed in terms of discounting as those that are subject to an interest charge would accumulate interest at the same rate as the discount rate.

Significant movements on impairments are defined as those movements that exceeds 10% of the gross balance of the relevant statutory receivable type at year end or R100 000, whichever is the greatest. Qualitative factors are considered with reference to exceptions to the normal process for identification of impairment losses. This implies disclosing losses incurred due to circumstances that are unique to the specified period or unique to the municipality in comparison to other municipalities with a similar capacity.

Impairment and useful lives: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories

As described in the accounting policies 1.12 and 1.13 for these asset types the municipality depreciates / amortises its property, plant and equipment, intangible assets and investment property over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements, the type of asset and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

The accounting policies 1.15 and 1.16 on Impairment of assets and accounting policy 1.9 on Inventory - Subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing and write down of Inventories to Net Realisable Values (NRV). Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lower of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets. In particular, the calculation of the recoverable service amount for Property, plant and equipment, intangible assets and the Net Realisable Value (NRV) for inventories (in terms of GRAP 12) involves significant judgment by management.

Estimated impairments during the year to Inventory, Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets are disclosed in Notes 45 to the annual financial statements, as applicable.

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Management judgement is required when recognising and measuring provisions and when measuring provision, contingent liabilities and contingent assets as set out in notes 19 and 51. Accounting policies pertaining to contingent assets and liabilities are disclosed under policy 1.19.

Staff leave and bonuses

The liability for leave pay is based on the total accrued leave days at year end and is shown as a Payable from exchange transactions in the Statement of Financial Position. The municipality recognises the accrual of a guaranteed 13th cheque benefit only when the municipality has a present legal or contractual obligation to make such payment and a reliable estimate can be made. The estimation is based on the current expected cost at the time of meeting the recognition criteria.

Leave and the guaranteed 13th cheque liabilities are estimates. However the nature of the balance is an accrual of unused benefits arising from past service and therefore this is classified as a payable from exchange transactions (excluded from the financial instruments).

Environmental Rehabilitation Provision

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's accounting policy (1.18), taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises.

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

In terms of the Minimum Requirements for Waste Disposal by Landfill a period of up to 30 years post-closure monitoring is recommended. This 30 year period is a recommendation and the Minister of the Department of Water and Sanitation needs to instruct the municipality as to what the exact period of post-closure monitoring would be. This instruction would be communicated in terms of each site's license conditions. The period could be shortened or prolonged, depending on specific conditions that will only become known while the actual rehabilitation activities are planned and undertaken. The extent of the monitoring (frequency of monitoring) and the costs involved (whether external experts are required or whether the monitoring be done in-house) can also not yet be determined. No communication has been received from the Department of Water Affairs and Sanitation defining the responsibilities of the municipality regarding the post-closure of any landfill site on the licenses of each site. Therefore, the monitoring and inspection costs post closure of landfill sites are regarded to not exist at the reporting date.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

As described in the accounting policy on Employee Benefits (1.17), the municipality obtains actuarial valuations of its defined benefit plan liabilities. The long-term nature of these benefits results in significant judgements regarding the timing and value of the outflow of economic benefits. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 18 to the annual financial statements.

Management regards the total movement on the liability as the increase/decrease in expenditure for the current year. A detailed explanation of the individual expense drivers is provided in Note 18 to the annual financial statements. Where an actuarial gain is realised, the nature of the gain will be assessed with reference to the market conditions. If the gain arises from a change in estimate (i.e. key underlying assumptions are being applied in a significantly different manner than the previous reporting period), the change in estimate will be isolated from the change in market conditions and recorded separately as a gain/(loss) rather than to reduce the expense by the movement of the liability.

Revenue recognition

The Accounting Policy 1.21 on Revenue from Exchange Transactions and Accounting Policy 1.22 on Revenue from Non-exchange Transactions describe the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned, and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered or not. Also, of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Water inventory

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

1.6 Financial instruments

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Financial instruments (continued)

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Effective interest rate method

Outstanding receivables that are past due are charged interest at prime +1% in terms of the municipal by-laws. This is considered the appropriate effective interest rate as it is market based. For all other instruments, the contractual rate is compared to the market rate. If the rate is considered reasonable in comparison to the prevailing market rates (i.e. the rate is linked to a market rate such as the prime or repo rate), the contractual rate is considered an appropriate effective interest rate. Where a contractual rate deviates significantly from the market rate, the debtors' rate (prime + 1%) will be used as an effective interest rate.

Fair value method and assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices; and
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Classification

A Financial Asset is any asset that is cash, a contractual right to receive cash or another financial asset from another entity.

- *Financial assets (or financial liabilities) 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. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less an allowance for impairment.
- *Financial assets (or financial liabilities) at fair value are financial instruments that meet either of the following conditions:*
 - a. derivatives;
 - b. combined instruments that are designated at fair value;
 - c. instruments held for trading;
 - d. non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - e. financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.
- Financial assets (or financial liabilities) 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.

Included under the major classes of financial instruments below, are line items that are separately disclosed in the notes that do not meet the definition of a financial instrument (such as Prepaid expenses, Payments made in advance etc.). The balances are clearly identifiable by the naming of the line items. Such items are excluded from the balances disclose in Notes 56 and 57. In rare instances, aggregation within a line item of a note might contain both financial instruments and balances that do not meet the definition of a financial instrument. In these cases the individual line items would be assessed with reference to its significance. Where insignificant, non-financial instruments would be included in the aggregated line items that would normally meet the definition of a financial instrument. This disclosure aggregation was specifically selected to ensure comprehensive classification.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents (see exception below)	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Construction contracts and payables	Financial asset measured at amortised cost

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Financial instruments (continued)

Cash and cash equivalents include cash on hand (including petty cash) and cash with banks. Cash equivalents are both short-term highly liquid investments, readily convertible into known amounts of cash, and fixed term deposits that are held with registered banking institutions that are not subject to any significant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks and call deposits held with banks.

Receivables from non-exchange transactions comprise Statutory receivables and Financial instruments. Refer to Note 4 for the classification of the balances.

In accordance with GRAP 104 the Financial Assets of the municipality are all classified as financial assets at amortised cost, except for cash floats and petty cash, which are classified as financial assets at fair value.

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

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- Financial Liabilities measured at Fair Value;
- Financial Liabilities measured at Amortised Cost; or
- Financial Liabilities measured at Cost.

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Construction contracts payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value

In accordance with GRAP 104 the Financial Liabilities of the municipality are all classified as financial liabilities at amortised cost, except for Consumer deposits, which are classified as financial liabilities at fair value.

Financial liabilities are initially measured at fair value net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Interest income and expenses is recognised in the Statement of Financial Performance by applying the effective interest rate.

Impairment and uncollectibility of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date (also refer to 1.5). Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

An allowance 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. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. 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. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as recoverable.

Annual impairment testing is conducted on all receivable balances. The effects of the annual impairment testing are accounted for against the Provision for Bad Debts Allowance. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance against the Reversal of Impairment Loss/(Impairment Loss) on Receivables. Accounts identified and written-off during the year is recognised against Bad Debts Written Off in the Statement of Financial Performance.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Financial instruments (continued)

Derecognition

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, except when Council approves the write-off of Financial Assets due to non-recoverability.

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

1.7 Statutory receivables

Definitions and measurement principles

Statutory Receivables are those receivables (settlement in cash or another financial asset) that arise from legislation as opposed to contractual deliverables. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments (1.6).

Statutory receivables are classified and recognised as exchange or non-exchange in accordance with the relevant standards on revenue and essentially based on whether there is a supply of goods and services in exchange for economic benefits of similar value.

Initial Measurement

Statutory receivables are measured at their transaction amount in accordance with the relevant standards on revenue based on the classification between exchange and non-exchange (refer accounting policies 1.21 and 1.22 respectively).

Subsequent measurement

Statutory Receivables are measured at cost, plus accrued interest, less any impairment recognised and amounts derecognised.

Interest is calculated using the nominal interest rate as stipulated in legislation and municipal by-laws.

Impairment losses

Impairment is assessed on an annual basis based on objective evidence regarding expected recoverability.

Consumers are assessed based on groupings, risk profiles and payment history profiles.

Government accounts are not provided for as such accounts are regarded as recoverable.

If there is an indication that a statutory receivable may be impaired, the entity 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 shall be reduced directly or through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

Refer to the Significant Judgements (refer accounting policy 1.6) for the calculation in respect of the impairment of Statutory Receivables.

Derecognition

Statutory receivables are derecognised when the asset is extinguished, settled or through transferring of all significant risks and rewards to a third party.

Extinguishing the asset would usually be in terms of legislation or other similar means.

The difference between the consideration received and amount derecognised shall be recognised in the surplus or deficit of the period of transfer.

Swartland Municipality

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Accounting Policies

1.8 Construction contracts and payables

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

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably (refer accounting policy 1.21).

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

All of these contracts of the municipality are fixed price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs will flow to the entity and the contract costs can clearly be identified and measured reliably.

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

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

Classification of Transactions

Various transactions arise from the Housing Arrangements. Some fall within the ambit of GRAP 11: Construction Contracts, others with GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions. The information below briefly outlines how transactions are recognised:

- Expenditure pertaining to the planning and civil services of a project is considered to be Grants and subsidies in terms of GRAP 23: Revenue from Non-exchange transactions.
- Expenditure on the stand (also known as top structure expenditure) include the physical building, NHRBC fees and other expenses that are directly related to construction of houses that will be transferred to the beneficiary is accounted for as construction contract revenue and construction of low cost housing (contracted service expenses).
- Receipts directly attributable to the administration of beneficiaries are accounted for under Operational Revenue as Housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.
- Land parcels purchased by means of receipts from the Provincial Department are assessed in terms of IGRAP 18: Recognition and Derecognition of Land. The portions of the expenditure that will remain under the control of the municipality is capitalised as Property, Plant and Equipment when the future use is determinable. When such future use cannot be determined, such land will be accounted for as Investment Property based on the municipal policy pertaining to such land. The portion of land expenditure that will be transferred to the beneficiaries are expensed once the contract is signed. The expense and receipts pertaining to land transactions are included under either Operational cost, Loss on disposal of assets and Sale of land or Gains on sale of fixed assets respectively.

1.9 Inventories

Inventories comprise of current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

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

The term ordinary course of operations refers to activities that occur on a frequent basis on terms that are comparable to those of other municipalities. Once-off or occasional transactions are therefore not considered in the ordinary course of operations (such as the sale of a financial instrument).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 Inventories (continued)

Subsequent measurement

Consumable stores, raw materials, work-in-progress

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge or for consumption in the production process of goods to be distributed at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost.

Water inventory

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

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are therefore valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

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

Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Other arrangements

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Most inventories are distributed at no charge or for a nominal charge rather than sold. Net realisable value is therefore measured in terms of Current Replacement Cost. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. 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.

1.10 Leases

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Any contingent rents are expensed in the period in which they are incurred.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.10 Leases (continued)

The Municipality as Lessee

Operating leases are those leases that do not fall within the scope of a finance lease receivable. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The Municipality as Lessor

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments received are recognised as an operating lease asset or liability.

Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset.

1.11 Value-added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

VAT in the records of the municipality comprises main categories of VAT, namely the VAT Control (VAT declared at year-end to SARS and not yet paid or received), a VAT input accrual (VAT on expenditure incurred, but not yet paid) and VAT output accrual (VAT revenue accrued or invoiced, but not yet paid as well as the VAT on impairment of receivables).

As each VAT transaction is individually exclusive, management has elected to not offset the separate VAT categories. As all VAT transactions will eventually fall due to or by the same juristic person, all balances are presented in the same line item on the AFS to permit comparison of our total VAT balance with that of the private sector. The VAT classification is as follows:

VAT Type	Description	Classification
VAT Control	Balance due by/(to) SARS	Statutory receivable or Payable from non-exchange transactions
VAT Output	VAT accrued on outstanding debtors (only payable once the debtor pays its outstanding amounts)	Payable from exchange transactions
VAT Input	VAT on Trade Payables not yet paid (only claimable once payment is made to the creditors (i.e. will move to Control account within 30 days from year-end)	Receivable from exchange transactions
VAT on provision for impairment	VAT that could potentially be claimed if the debt is written off	Depends on the nature of the balance. Availability charges: Receivables from non-exchange; Services rendered: Receivables from exchange.

1.12 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for service delivery in terms of the mandated functions of the municipality and are expected to be used during more than one period.

Property, plant and equipment is recognised and measured in terms of GRAP 17: Property, plant and equipment at cost less accumulated depreciation and accumulated impairments.

Repairs and maintenance

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 49).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.12 Property, plant and equipment (continued)

Depreciation

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

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

Item	Depreciation method	Average useful life
Buildings	Straight-line	10 - 60 years
Infrastructure	Straight-line	
• Electricity		10 - 50 years
• Landfill sites		10 - 50 years
• Sewerage		10 - 100 years
• Stormwater		50 years
• Roads and paving		10 - 100 years
• Water		10 - 100 years
Community	Straight-line	10 - 60 years
Movable assets	Straight-line	
• Furniture and fittings		5 - 20 years
• Machinery and equipment		5 - 15 years
• Machinery and equipment exception: Large Skip Bins		30 years
• Office equipment		3 - 10 years
• Specialised vehicles		5 - 20 years
• Vehicles		5 - 10 years

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. The residual values and useful lives is deemed to be appropriate unless an event has occurred or conditions of use have changed, which may have an effect on the residual values and remaining useful lives of these assets.

Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

Infrastructure Assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

If cost can however not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

Land

The municipality assesses at each reporting date if there is an indication of impairment.

Land is recognised and derecognised based on evidence of control. Control over land is evidenced by legal ownership and/or the ability to direct access to the land and to restrict or deny the access of others to land.

In assessing the control criteria, any binding arrangements over properties will be considered. Binding agreements can be in written form, a verbal agreement or the result of best practice.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.12 Property, plant and equipment (continued)

The loss of control will result in the derecognition of the property, despite legal title, while assets over which the municipality does not hold the legal title may be recognised as an asset if control over the property has been established.

Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. Disposals can be voluntary or involuntary of nature.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

1.13 Investment property

Initial recognition

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

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

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality);
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties;
- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is leased to another entity under a finance lease;
- Property held by council for strategic purposes or to meet service delivery objectives rather than to earn rental or for capital appreciation; and
- Where council has properties that are used both for administrative and commercial purposes and part of the properties cannot be sold separately these properties will not be classified as investment properties.

Repairs and maintenance

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 49).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.13 Investment property (continued)

Subsequent measurement - Cost model

Investment property is measured using the cost model. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated. The municipality assesses at each reporting date if there is an indication of impairment or whether the residual values and useful lives needs to be adjusted as a change in estimate.

Derecognition

Investment property shall be 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.

Transfers

Transfers to, or from, investment property shall be made when, and only when, there is evidence of a change in use.

1.14 Living and non-living resources

Living resources are defined as any living animal or plant that undergoes biological changes naturally. The municipality has evidenced control over the living resource by means of one or more of the following:

- Our ability to intervene in the physical condition of the resource;
- Our ability to restrict the movement of the resource through fences and other security measures; and
- Our ability to decide how the resource is used.

Only those resources where management implements actions in order to use and protect the use of the living resource will such be recognised.

Management considers its intervention in physical condition of living resources as critical for the recognition as an asset. In this regard, detailed plans should be in place in order to stimulate the growth and monitor the ageing of the resource. Ad hoc, unplanned activities such as the watering of plants and trimming of trees do not constitute intervention and as such town beautification would not meet the recognition criteria. No living resources were identified as controlled by the municipality. Therefore the considerations as to recognition and measurement is not considered relevant.

As an eventuality, management will acquire city beautification from time to time. In order to fulfil the municipalities mandate (for example maintenance of community parks, supply electricity) it would be required from time to time to do maintenance of trees and plants. The purpose however is not the manage or extent the physical condition, in order to obtain future economic benefits or services from the trees, but to preserve the area (for e.g. to prevent veld fires) or promote the area for tourism. Therefore, management does not control the trees and plants as a living resource, that requires separate recognition.

Non-living resources are those resources that occur naturally and have not been extracted. Minerals, oil, water and land are examples hereof. Living resources are only disclosed when:

- Management intervenes in the processes as part of the municipal mandate in order to deliver goods or services. This intervention must be at the point before extraction while the resource is still in its natural state.
- Intervention must be preceded by either extraction or utilisation of the resource.

Management only identified water resources as no other natural resources are prevalent within our jurisdiction.

Water contained in reservoirs and pipes are considered to be extracted and is therefore accounted for as Inventory in terms of GRAP 12.

1.15 Impairment of cash-generating assets

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

It is expected that some assets may have a dual-purpose. A dual-purpose asset is only classified as cash-generating (profit assets) if the purpose to create a profit clearly stands out and the service delivery aspect is incidental. If the purpose is not clear, the assets are presumed to be non-cash-generating (service assets).

Accounting Policies

1.15 Impairment of cash-generating assets (continued)

The designation may be done on an asset or group of assets, where a group of assets is a unit of assets operating together. In the designation process assets are first designated using a group of assets and any remaining assets are then designated on an individual asset basis. The designation is applied to individual assets. An asset could comprise a group of assets that are part of a system or network.

Assets are reviewed annually for indicators that these needs to be impaired. Only once an impairment indicator for an asset or group of assets is identified will the recoverable service amount be measured. Therefore, if no adverse indicators are prevalent, management would not assess the recoverable service amount.

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

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.

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.

The following are examples of impairment indicators used by management:

- During routine physical inspection of the asset there was evidence of physical damage (or obsolescence).
- The asset is not being used, or access to the asset is restricted, due to structural damage.
- The asset is not able to perform at the planned or required level and as a result is not meeting service delivery targets.
- During routine physical inspection of the asset it was identified that the asset deteriorated faster than expected, or was subject to damage, which will result in replacement or significant maintenance earlier than expected.
- Due to technological advances or environmental requirement, the asset may need to be taken out of service.

Physical damage would trigger an impairment test when it results in a permanent or significant decline in the service potential of the asset. Judgement is needed to determine whether the decline is permanent or significant. In certain circumstances evidence may be available to demonstrate that the impairment will be temporary. In such circumstances, no impairment loss will be recognised.

Where the recoverable amount is less than the carrying amount, the carrying amount will be reduced to the recoverable service amount by way of an impairment loss. The impairment loss will be recognised as an expense as part of the gains and losses disclosed in the Statement of Financial Performance.

1.16 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. Refer to the policy 1.15 for the impairment indicators.

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

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. A temporary decline does not have to be accounted for as an impairment, but only if evidence can be provided that the decline is temporary in nature.

The recoverable amount is assessed by either the Depreciated Replacement Cost, Restoration Cost or Service units approach. The selection of the approach is based on the circumstances as per management judgement of each impairment indicator of each asset.

Assets are reviewed annually for indicators that these needs to be impaired. Only once an impairment indicator for an asset or group of assets is identified will the recoverable service amount be measured. Therefore, if no adverse indicators are prevalent, management would not assess the recoverable service amount.

Where the recoverable amount is less than the carrying amount, the carrying amount will be reduced to the recoverable service amount by way of an impairment loss. The impairment loss will be recognised as an expense as part of the gains and losses disclosed in the Statement of Financial Performance.

Swartland Municipality

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Accounting Policies

1.17 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay and for the 13th Cheque as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days on the total remuneration package of the employee at year end and is shown as an accrual in the Statement of Financial Position.

Post-employment benefits

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

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees. The municipality has no such informal arrangements.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Long Service Awards

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service) is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance (also refer significant judgements 1.5).

Post-retirement benefits

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

Defined Contribution plans

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

Defined Benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.17 Employee benefits (continued)

Post-retirement Health Care Benefits

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

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

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance (also refer significant judgements 1.5).

1.18 Provisions

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money.

When the outflow of economic benefits or service potential is no longer probable the provision will be derecognised.

Decommissioning, restoration and similar liability

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

The related asset is measured using the cost model:

- Changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.15 and 1.16.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.19 Contingent assets, contingent liabilities and commitments

Contingencies are only disclosed in the notes to the Annual Financial Statements.

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Commitments are future expenditure to which the municipality has committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Lease commitments as defined per GRAP 13: Leases are disclosed in note 9. Operating commitments are not disclosed as the municipal annual budget is available on the municipal website.

Commitments are disclosed for:

- Items are classified as capital commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources;
- Approved and contracted capital commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP; and
- Contracts to purchase, construct or develop assets or for repairs, maintenance or enhancements to assets, that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the Notes to the Annual Financial Statements.

Understanding the classification of amounts due

Payables, provisions and contingencies are distinguished with relation to the certainty of the amount or the likelihood of payment. Payables from exchange are those amounts factually payable within the immediate future. Provisions are those amounts where either the timing of payment or the value of payment is uncertain, but the fact that an amount will be due is fairly certain. Provisions are therefore subject to management estimates whereas payables are factual amounts due.

In contrast thereto, contingencies are those amount due which are fairly uncertain. Uncertainty is determined by management's estimate of the likelihood of the potential payment or with reference to the uncertainty as to the actual amount that cannot be reliably estimated at reporting date. Where an amount can be estimated reliably, but the likelihood of payment or receipt is assessed as remote by management, the matter will be reported as a contingency.

1.20 Net Assets

Included in the net assets of the municipality, are the following statutory funds and reserves, apart from the Accumulated Surplus, that are maintained in terms of specific requirements:

Reserve: Capital Replacement (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers. The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.21 Revenue from exchange transactions

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

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

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.

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

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Service Charges

Service Charges are levied in terms of approved tariffs.

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

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties. 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 or a property is vacant.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property and are levied monthly in arrears.

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

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. In respect of consumption between the last point of sale and the reporting date, an accrual is made based on the average daily consumption (for the period 1 July to 30 June) of consumers as per an internal system estimation report.

Finance income

Interest earned on investments and outstanding debtors is recognised in the Statement of Financial Performance when the interest is earned.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.21 Revenue from exchange transactions (continued)

Tariff Charges

Revenue arising from the application of the approved tariff policy is recognised when the relevant service is rendered by applying the relevant authorised tariff (e.g. Operational revenue and Development charges).

Income from Agency Services

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

Rentals

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

Sale of goods (including houses)

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

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

Construction contract revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

Revenue is recognised and measured in terms of GRAP 11: Construction Contracts rather than GRAP 9: Revenue from Exchange Transactions.

1.22 Revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset, is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

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.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Tariff charges

Transferred assets are measured at their fair value as at the date of acquisition.

These charges are recognised in terms of the tariffs determined by legislation (e.g. license fees, availability charges, etc.) or tariffs approved by council.

Debt forgiveness

All unclaimed deposits are initially recognised as a liability until 36 months expires, where after all unclaimed deposits, which were deposited into the Municipality's bank account, will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the Prescribed Debt Act. Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Public contributions

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

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

Other Donations and Contributions

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

Services in-kind

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period. No services in-kind were noted that is significant to the operations of the municipality.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.23 Government grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. 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 transfer or, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transfer or has never been 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. Often these unspent grant liabilities are cash backed.

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

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, as the qualifying expenditure is incurred.

Interest earned on investments is treated in accordance with grant conditions. 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.

1.24 Borrowing costs

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

1.25 Unauthorised expenditure

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

The definition of "vote" for Swartland Municipality is set at the Functional area within the respective department.

1.26 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.27 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure.

1.28 Losses

The MFMA requires the disclosure of losses incurred during the year under review. The disclosure is provided in order to comply with the legislative requirements governing Municipalities and Municipal Entities. Disclosure of losses is based on units as required by the MFMA.

Accounting for water losses is discussed in the accounting policy for Inventory (1.9).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.29 Service concession arrangements

Identification

Service concession arrangements of the municipality include the provision of mandated functions on behalf of the municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

Initial recognition and measurement

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- the same amount as the service concession asset,
- adjusted by the amount of any other consideration (e.g. cash) from the municipality to the operator, or from the operator to the municipality.

Subsequent measurement and derecognition

After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment.

The municipality accounts for the liability as a financial liability when the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset.

The municipality allocates the payments to the operator and account for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator.

Other liabilities, contingent liabilities, contingent assets and revenues

The municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

The municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from exchange transactions.

Dividing the arrangement

When the municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Refer to note 60 for the disclosure of the service concession arrangement assets, liabilities, revenue and expenditure.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Where the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.30 Accounting by principals and agents

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

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.30 Accounting by principals and agents (continued)

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

Identification

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

- Does the third party determine significant terms
- Does the third party receive the benefit from the transactions
- Is the municipality exposed to the variability of the outcome

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

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. Substance over form is applied. Therefore the exact wording over contracts where the terms agent or acting on behalf are used are considered, but only to the extent that rights and obligations are substantially transferred. Where rights and obligations are not transferred, the transaction is considered a normal supplier/customer relationship and accounted for as such.

Administrative rights, such as those resulting from a collection agency agreement are not considered sufficient grounds for a principal agent relationship. The agent or principal arrangement needs to confer rights and obligations that give the counter party the ability to execute transactions as if it is acting on the other party's behalf. A collection agency only collects revenue and pays such revenue over to the municipality. It has no authority to deviate or alter on any significant terms and therefore is not considered an agent per the definition of the standard.

1.31 Segment reporting

The segments reported is the functional segments as per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the monthly section 71 reports which are reviewed by the executive management. The key factor considered is therefore the manner in which management has chosen to organise the entity around differences in goods and/or services to the public.

None of management's segments were aggregated as each segment contains material goods or services. Activities are already aggregated for purposes of strategic review as outline in the table below.

The level of aggregation is summarised in the table below:

Segment	Functions	Revenue	Unique expenditure
Vote 1 - Corporate Services	Property management (rentals, sales), Legal services, Human Resources, Record Management, Public Relations, Communication, Tourism and Libraries	Grants (Library and Other), Sale of Land, Libraries, Rental income	Communication (Operational Costs), Ward Committees
Vote 2 - Civil Services	Roads, Waste Management, Waste Water Management, Water Management, Management of facilities (buildings, parks etc.)	Trading Services (except electricity), various grants (e.g. MIG, Roads etc.)	Water consumed and water losses, Solid Waste
Vote 3 - Council	Councillors, Speakers, Mayor	Allocated	Remuneration of councillors, Grants and subsidies paid
Vote 4 - Electricity Services	Electricity, Information Technology	Electricity, Grants	Electricity bulk purchases
Vote 5 - Financial Services	Budgeting, Credit Control, Supply Chain, Financial Systems and Reporting, Revenue administration, Expenditure Management, Asset Management	Interest received, Property rates, Gains on vesting of properties and equipment, Land Sales	Bad debts, Finance Costs, Impairments for receivables

Swartland Municipality

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Accounting Policies

1.31 Segment reporting (continued)

Vote 6 - Development Services	Community Development (Social services), Human Settlements, Health and Safety, Town Planning, Valuations, Building Inspections	Grants (Housing and other), Construction Contracts, Majority of Operational Revenue (Building Plans, Camping)	Low Cost Housing, Health and Safety
Vote 7 - Municipal Manager	Executive Management, Strategic Services and Internal Audit	Allocated	Majority of expenditure pertains to salaries and depreciation
Vote 8 - Protection Services	Traffic and Law Enforcement, Fire and Emergency Services	Grants, Fines, Licences and Permits	Traffic Fine Management, Bad debts and debt impairment for traffic fines. Most of the COVID-19 related expenditure

Grant revenue is shared by all departments as these are applied for. Certain grants are directly contributable to specific votes, such as Electricity or Library (Corporate) and Housing (Development). Equitable share is however allocated to each department based on the approved budget.

All other expenditure is generic and shared by all departments: Employee Costs, Contracted Services, Operational costs, Other Materials (consumables). The administration of assets occur within Financial Services, but the losses are allocated to each department.

Details of each activity of the municipality is disclosed in the annual performance report.

The municipality manages its operational revenue and expenditure, assets and liabilities geographically as a whole. Only capital expenditure is reviewed based on the location. All other asset and liability management techniques are focused on the asset base as a whole rather than the asset and liability management for a specific area. Service delivery staff are organised in such a manner that service delivery takes place timeously in each town, but it's not a strategic principle to organise assets and liabilities in such a manner that each town is its own small economic/service delivery unit that can operate separately from the rest of the organisation. Segment reporting per geographic area is therefore not deemed relevant.

The segmental report surplus or deficit reviewed by management does not comprise all of the details as required by the standard. Management reviews the performance on an aggregated basis of total revenue and total expenditure. Management's focus is service delivery and ensuring sufficient revenue is available to ensure such. Only overall (municipal total) surplus is considered when allocating resources. The segment surplus, assets and liabilities are not reviewed on a segregated basis and therefore will not be disclosed as it is not considered relevant for purposes of measuring performance.

The reporting measurement basis for the management reports is the same as that of the annual financial statements (i.e. SA GRAP). Interdepartmental services charges are already eliminated in the management reports reviewed by executive management and will therefore not be separately disclosed (deemed to not be relevant for decision making).

1.32 Related parties

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

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

An entity is related to the reporting entity where they are members of the same economic entity or controlled by the same group of individuals or related individuals who exercise significant influence over their operational and financial decision making (such as group, associate or Joint venture).

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager and persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.32 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 related parties not at arm's length or not in the ordinary course of business are disclosed.

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality such as:

- A person married to or live together in a relationship similar to a marriage.
- People who are separated by no more than two degrees of natural or legal consanguinity or affinity.

1.33 Events after reporting date

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

When events provide evidence of conditions that existed at year end and these conditions have an impact on the values presented, the event is considered an adjusting event. All other events are considered non-adjusting events.

1.34 Budget information

The annual budget figures are those approved by Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis and needs to comply with the classification as prescribed in the Municipal Budget and Reporting Regulations. Such classification is reconciled to classification in terms of financial reporting framework. The original approved budget covers the period from 1 July 2023 to 30 June 2024. During January each year, following a review of the mid-year performance, the adjustment budget is approved by council. Such adjustment budget is considered the final budget.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R100 000. All variances less than R100 000 is considered immaterial.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts. This is based on paragraph 2 and 30 of GRAP 24. The presentation is a mirror image of the National Treasury Budget Submission Template and therefore classification of items differ slightly from the face of the Statement of Financial Position and Statement of Financial Performance (for example service consumers and other debtors compared to Receivables from Exchange and Non-Exchange).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

2. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash advances	19 758	16 924
Bank balances	470 471 553	721 999 911
	470 491 311	722 016 835

The decrease in Cash and cash equivalents is due to an increase in long-term Investments. Refer to Note 13.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Standard Bank of South Africa Limited 372865100	466 445 064	719 086 786	661 935 050	470 471 553	721 999 911	665 069 624
Municipal Traffic Account 372865178	(17)	190 653	113 787	-	-	-
OTM Account 372865119	4 873	8 568	20 016	-	-	-
TMT Fines Account 372865127	196 939	(251)	1 688	-	-	-
ACB Account Number 372865151	(38)	(38)	-	-	-	-
372865143	3 584	-	-	-	-	-
Total	466 650 405	719 285 718	662 070 541	470 471 553	721 999 911	665 069 624

The municipality also have the following bank accounts with Standard Bank South Africa Limited which had a zero balance at year end except as indicated below. All accounts balances are cleared to the main account on a daily basis except on weekends.

1) Web Fines Account Number 372865135

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period.

Deposits of R 299 421 237 (2023: R 259 260 281) are attributable to the capital replacement reserve (Refer to Note 21).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
3. Receivables from exchange transactions		
Non-current interest accrual	33 119 014	-
Prepaid expenses	4 082 895	3 762 438
Electricity	62 045 146	49 931 362
Water	23 705 770	21 235 130
Sewerage	7 240 514	7 015 527
Refuse Removal	5 705 732	5 193 984
Housing rentals / instalments	96 136	82 844
Other	16 229 586	3 621 711
	152 224 793	90 842 996
Classification of receivables from exchange transactions		
Non-current assets	33 119 014	-
Current assets	119 105 779	90 842 996
	152 224 793	90 842 996

30 June 2024	Gross Balances	Collective Allowance for Impairment	Net Balances
Service Receivables			
Electricity	62 918 023	(872 877)	62 045 146
Water	30 948 149	(7 242 379)	23 705 770
Sewerage	10 801 359	(3 560 845)	7 240 514
Refuse Removal	8 762 272	(3 056 540)	5 705 732
Subtotal	113 429 803	(14 732 641)	98 697 162
Other Receivables			
Housing rentals / instalments	103 217	(7 081)	96 136
Other	17 458 994	(1 229 408)	16 229 586
Prepaid expenses	4 082 895	-	4 082 895
Non-current interest accrual	33 119 014	-	33 119 014
	168 193 923	(15 969 130)	152 224 793

30 June 2023	Gross Balances	Collective Allowance for Impairment	Net Balances
Service Receivables			
Electricity	50 359 281	(427 919)	49 931 362
Water	27 004 728	(5 769 598)	21 235 130
Sewerage	9 577 076	(2 561 549)	7 015 527
Refuse Removal	7 501 351	(2 307 367)	5 193 984
Subtotal	94 442 436	(11 066 433)	83 376 003
Other Receivables			
Housing rentals / instalments	87 436	(4 592)	82 844
Other	4 447 366	(825 655)	3 621 711
Prepaid expenses	3 762 438	-	3 762 438
	102 739 676	(11 896 680)	90 842 996

Receivables from Exchange Transactions are billed monthly, at the end of the month.

The average credit period for receivables from exchange transactions is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus 1 % per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables from exchange transactions.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

3. Receivables from exchange transactions (continued)

Other Receivables include outstanding debtors for various other services, e.g. Chemical Oxygen Demand, Treated Waste Water, Bulk Dumping and Sundry Services like Escorting of heavy vehicles, Advertisement costs, Cleaning of stands, etc. The surplus (where applicable) recorded on the water service concession arrangement is also included under this debtor type (refer to Note 60). For 30 June 2024, there was a surplus of R6 416 180 this is a debtor which needs to be paid by WCDM. Furthermore, a deposit of R 5 500 000 to purchase land is held at an attorney as at 30 June 2024 (2023: R Nil).

Of the exchange receivables balance at the end of the year, R 4 180 682 (2023: R 4 143 225) (VAT exclusive) is due from Sasko (Pty) Ltd, the municipality's largest customer. There are no other receivables that represent more than 3% of the total balance of Receivables from exchange.

The municipality receives applications for services that it provides. Deposits are required for all electricity and water accounts opened.

Management of the municipality is of the opinion that the carrying value of receivables approximate their amortised values.

No receivables from exchange transactions were pledged as security.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 1 month past due are not considered to be impaired. At 30 June 2024, R 18 088 527 (2023: R 16 216 390) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

31 - 60 Days	8 958 020	6 576 862
61 - 90 Days	1 999 523	1 478 253
91 - 120 Days	1 502 937	1 295 180
121 - 365 days	5 628 047	6 866 095
	18 088 527	16 216 390

Reconciliation of bad debts written- off: Exchange Transactions

Electricity	267 311	381 050
Refuse Removal	1 052 615	549 163
Sewerage	1 459 800	658 092
Water	7 912 438	5 965 055
Housing	28 596	39 809
Other Debtors	274 163	338 101
	10 994 923	7 931 270

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

The details of the ageing of receivables are disclosed in Note 5.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

3. Receivables from exchange transactions (continued)

Derecognition of financial assets

No Financial Assets have been transferred to other parties during the year.

All Exchange receivables were reviewed and no terms were identified whereby receivable types would meet the definitions of a statutory instrument as defined by this standard.

Most levies charged are based on the municipal tariff by-laws. The origin of the transactions is based on contractual deliverables rather than legislation. The legislation in place therefore supports the value of recognition rather than giving rise to the occurrence of these transactions.

Reconciliation of changes in Allowance Account	2024 Expense	2024 VAT	2024 Total Changes	2023 Expense	2023 VAT	2023 Total Changes
Opening Balance	-	-	11 896 680	-	-	9 858 141
Electricity	386 919	58 038	444 959	(165 440)	(24 816)	(190 256)
Refuse Removal	651 455	97 717	749 172	437 718	65 658	503 376
Sewerage	868 948	130 348	999 296	520 850	78 127	598 977
Water	1 280 678	192 103	1 472 781	949 814	142 472	1 092 286
Subtotal	3 188 000	478 206	15 562 888	1 742 942	261 441	11 862 524
Housing	2 164	324	2 489	(1 532)	(230)	(1 762)
Other Debtors	351 089	52 664	403 753	31 233	4 685	35 918
	3 541 253	531 194	15 969 130	1 772 643	265 896	11 896 680

4. Receivables from non-exchange transactions

Availability charges	2 735 077	2 482 342
Property Rates	21 959 870	20 820 099
Sundry debtors	1 132 414	4 530 190
Traffic fines - TMT	8 464 919	6 855 848
	34 292 280	34 688 479

30 June 2024

	Gross Balances	Collective Allowance for Impairment	Net Balances
Property Rates	28 428 093	(6 468 223)	21 959 870
Sundry Debtors	1 132 414	-	1 132 414
Traffic Fines	41 781 436	(33 316 517)	8 464 919
Availability charges	5 164 577	(2 429 500)	2 735 077
	76 506 520	(42 214 240)	34 292 280

30 June 2023

	Gross Balances	Collective Allowance for Impairment	Net Balances
Property Rates	26 431 084	(5 610 985)	20 820 099
Sundry Debtors	4 530 190	-	4 530 190
Traffic Fines	34 434 195	(27 578 347)	6 855 848
Availability charges	4 583 320	(2 100 978)	2 482 342
	69 978 789	(35 290 310)	34 688 479

Sundry Debtors include sundry deposits, unclaimed wages, accruals cash deposits made to Eskom for the supply of electricity and debits outstanding at year-end on normal business transactions entered into by the municipality, in respect of uncleared bank reconciliation items. Grant debtors (ad-hoc balances for multi-year grants) are also included under this debtor type.

Management of the municipality is of the opinion that the carrying value of receivables approximate their amortised values.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
4. Receivables from non-exchange transactions (continued)		
Statutory receivables from Receivables from non-exchange transactions above are as follows:		
Property Rates	21 959 870	20 820 099
Sundry debtors	1 132 414	4 530 190
Traffic Fines - TMT	8 464 919	6 855 848
	31 557 203	32 206 137
Financial instruments from Receivables from non-exchange transactions above (Availability charges)	2 735 077	2 482 342
Total receivables from non-exchange transactions	34 292 280	34 688 479

Statutory receivables general information

Receivable type	Revenue type	Legislation that give rise to the transactions	Rates and Interest charges	Impairment considerations
Property Rates	Non-exchange	Municipal Property Rates Act 6 of 2004	Municipal Tariff Policy, Interest Charged	Individual collection rates, interest charged at discount rate
Traffic Fines	Non-exchange	Administrative Adjudication of Road Traffic Offences Act, 1998	The Act determines rates, no interest is charge	Collection rate of the balance as a whole, thereafter discounting is considered in terms of materiality
Sundry Debtors	Exchange and Non-exchange	Various different acts (aggregate amounts)	Municipal Tariff Policy, Interest Charged	Individual collection rates, interest charged at discount rate
VAT Receivables	Not applicable	Value Added Tax Act 89 of 1991	The Act determines rates and interest is charge	No impairment, balance expected to be fully recoverable

Interest or other charges levied/charged

Interest was only charged on outstanding rates accounts. All other statutory receivables were within normal credit terms and therefore no other receivables generated interest income. No other levies were charged.

Outstanding debtors: Rates and Availability Charges	1 974 074	1 596 453
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Discount rate applied to the estimated future cash flows

Interest is calculated using the nominal interest rate as authorised by a council decision (Currently, Prime plus 1%). This rate is also considered an appropriate discount rate.

Non-exchange receivables past due but not impaired

Non-exchange receivables which are less than 1 month past due are not considered to be impaired. At 30 June 2024, R19 100 544 (2023: R14 888 940) were past due but not impaired.

Swartland Municipality

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Notes to the Annual Financial Statements

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4. Receivables from non-exchange transactions (continued)

The ageing of amounts past due but not impaired is as follows:

	2024 Past Due	2023 Past Due	2024 Impaired	2023 Impaired	2024 Past due not impaired	2023 Past due not impaired
31 - 60 Days	5 129 886	4 157 068	-	-	5 129 886	4 157 068
61 - 90 Days	2 096 668	2 221 286	-	-	2 096 668	2 221 286
91 - 120 Days	1 842 387	4 002 270	-	-	1 842 387	4 002 270
121 - 365 days	28 888 798	25 818 059	(18 857 195)	(21 309 743)	10 031 603	4 508 316
> 365 days	23 357 046	13 980 567	(23 357 046)	(13 980 567)	-	-
	61 314 785	50 179 250	(42 214 241)	(35 290 310)	19 100 544	14 888 940

Factors the entity considered in assessing statutory receivables past due but not impaired

Receivables are assessed in terms of their respective overall payment percentages. Some debtors are therefore past due, but the balances are still expected to be recoverable based on the payment percentages.

Reconciliation of movements for statutory receivables

Reconciliation of bad debts written-off: Non-Exchange Transactions

Rates	1 005 910	1 042 435
Traffic Fines	22 408 685	33 437 105
Availability charges	295 514	685 605
	23 710 109	35 165 145

Reconciliation of changes in Allowance Account

	2024 Expense	2024 VAT	2024 Total Changes	2023 Expense	2023 VAT	2023 Total Changes
Opening Balance	-	-	35 290 310	-	-	42 561 609
Rates	857 239	-	857 239	835 490	-	835 490
Traffic Fines	5 738 170	-	5 738 170	(7 950 342)	-	(7 950 342)
Availability charges	285 670	42 852	328 522	(136 042)	(20 405)	(156 447)
Subtotal	6 881 079	42 852	42 214 241	(7 250 894)	(20 405)	35 290 310
	6 881 079	42 852	42 214 241	(7 250 894)	(20 405)	35 290 310

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Significant impairment losses recognised or reversed

Property Rates: Impairment Recognised: No significant movement from the prior year. In the prior year the estimate was revised to take into account the macro-economic impact of the National Lockdown.

Traffic Fines: Impairment Recognised: Annually the outstanding receivables are assessed in terms of the value of fines issued in comparison to the receipts generated from such fines. The remaining balance is considered recoverable based on this payment percentage. The impairment loss is similar to our expectation, but quantitatively the impairment is significant and therefore disclosed separately.

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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4. Receivables from non-exchange transactions (continued)

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such a receivable. Debtors are grouped into appropriate aggregated grouping levels when insufficient information is available to assess individual debtors. Aggregation is based on best practice and receivables are assessed on historic information available. Thereafter the past due (accounts in arrears, i.e. not current), but not impaired debtors are subjected to a further impairment test taking into account the effect of time resulting in a discounting of debtors being included as a further factor for impairment of statutory receivables.

The claims instituted against the municipality's insurance company are supported by valid insurance claims that are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for government grants and subsidies is dependent on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government Grants and Subsidies receivable are past due and not impaired as management have no concerns over the credit quality of these assets.

The Allowance for impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together in the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

Classification of Bad Debts

Exchange receivables	10 994 923	7 931 270
Consumer debtors	10 994 923	7 931 270
Non-exchange receivables	23 710 109	35 165 145
Property rates	1 005 910	1 042 435
Availability charges	295 514	685 605
Traffic fines	22 408 685	33 437 105
Total bad debts for the year	34 705 032	43 096 415

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Consumer debtors disclosure		
Gross balances		
Property Rates	28 428 093	26 431 084
Electricity	62 918 023	50 359 281
Water	30 948 149	27 004 728
Sewerage	10 801 359	9 577 076
Refuse Removal	8 762 272	7 501 351
Housing rentals / instalments	103 217	87 436
Other	17 458 994	4 447 366
Payments made in advance *	4 082 895	3 762 438
Sundry Debtors *	1 132 414	4 530 190
Traffic Fines - TMT *	41 781 436	34 434 195
Availability charges *	5 164 577	4 583 320
	211 581 429	172 718 465
Less: Allowance for impairment		
Property Rates	(6 468 223)	(5 610 985)
Electricity	(872 877)	(427 919)
Water	(7 242 379)	(5 769 598)
Sewerage	(3 560 845)	(2 561 549)
Refuse Removal	(3 056 540)	(2 307 367)
Housing rentals / instalments	(7 081)	(4 592)
Other	(1 229 408)	(825 655)
Traffic Fines - TMT *	(33 316 517)	(27 578 347)
Availability charges *	(2 429 500)	(2 100 978)
	(58 183 370)	(47 186 990)
Net balance		
Property Rates	21 959 870	20 820 099
Electricity	62 045 146	49 931 362
Water	23 705 770	21 235 130
Sewerage	7 240 514	7 015 527
Refuse Removal	5 705 732	5 193 984
Housing rentals / instalments	96 136	82 844
Other	16 229 586	3 621 711
Payments made in advance *	4 082 895	3 762 438
Sundry Debtors *	1 132 414	4 530 190
Traffic Fines - TMT *	8 464 919	6 855 848
Availability charges	2 735 077	2 482 342
	153 398 059	125 531 475
Rates		
Current (0 -30 days)	12 468 539	11 208 620
31 - 60 days	1 979 669	1 638 336
61 - 90 days	283 808	259 216
91 - 120 days	153 264	130 864
121 - 365 days	6 706 779	8 985 141
> 365 days	6 836 034	4 208 907
Less: Allowance for impairment	(6 468 223)	(5 610 985)
	21 959 870	20 820 099
Electricity		
Current (0 -30 days)	57 729 811	46 616 319
31 - 60 days	3 765 751	2 403 479
61 - 90 days	112 015	88 450
91 - 120 days	91 367	58 197
121 - 365 days	439 408	750 788

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Consumer debtors disclosure (continued)		
> 365 days	779 671	442 048
Less: Allowance for impairment	(872 877)	(427 919)
	62 045 146	49 931 362
Water		
Current (0 -30 days)	17 252 494	15 359 026
31 - 60 days	2 532 179	1 945 959
61 - 90 days	1 127 809	664 558
91 - 120 days	765 484	578 338
121 - 365 days	4 552 187	5 714 700
> 365 days	4 717 996	2 742 147
Less: Allowance for impairment	(7 242 379)	(5 769 598)
	23 705 770	21 235 130
Sewerage		
Current (0 -30 days)	4 038 994	3 728 200
31 - 60 days	1 332 742	1 166 977
61 - 90 days	368 556	350 493
91 - 120 days	313 375	299 935
121 - 365 days	3 065 522	3 204 331
> 365 days	1 682 170	827 140
Less: Allowance for impairment	(3 560 845)	(2 561 549)
	7 240 514	7 015 527
Refuse		
Current (0 -30 days)	3 149 313	2 757 791
31 - 60 days	978 348	826 284
61 - 90 days	297 036	266 168
91 - 120 days	256 034	236 992
121 - 365 days	2 318 346	2 455 070
> 365 days	1 763 195	959 046
Less: Allowance for impairment	(3 056 540)	(2 307 367)
	5 705 732	5 193 984
Housing		
Current (0 -30 days)	35 099	34 358
31 - 60 days	20 688	18 673
61 - 90 days	4 304	2 061
91 - 120 days	1 962	1 815
121 - 365 days	18 245	28 131
> 365 days	22 919	2 398
Less: Allowance for impairment	(7 081)	(4 592)
	96 136	82 844
Other Exchange Debtors		
Current (0 -30 days)	18 811 540	6 130 910
31 - 60 days	328 312	215 491
61 - 90 days	89 802	106 524
91 - 120 days	74 716	119 904
121 - 365 days	1 088 586	828 377
> 365 days	1 148 933	808 598
Less: Allowance for impairment	(1 229 408)	(825 655)
	20 312 481	7 384 149

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Consumer debtors disclosure (continued)		
* Other Non-exchange Debtors		
Current (0 -30 days)	2 723 195	8 590 917
31 - 60 days	3 150 217	2 518 731
61 - 90 days	1 812 860	1 962 070
91 - 120 days	1 689 123	3 871 406
121 - 365 days	22 182 020	16 832 918
> 365 days	16 521 011	9 771 663
Less: Allowance for impairment	(35 746 017)	(29 679 325)
	12 332 409	13 868 380
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	73 594 313	66 455 601
31 - 60 days	11 167 780	9 152 800
61 - 90 days	3 959 041	3 502 235
91 - 120 days	3 258 287	5 142 812
121 - 365 days	37 690 667	35 152 071
> 365 days	31 707 580	18 408 087
Subtotal	161 377 668	137 813 606
Less: Allowance for impairment	(56 779 899)	(46 237 001)
	104 597 769	91 576 605
Industrial/ commercial		
Current (0 -30 days)	28 590 167	21 936 265
31 - 60 days	2 796 347	1 460 287
61 - 90 days	95 759	132 770
91 - 120 days	53 936	99 623
121 - 365 days	836 006	1 116 613
> 365 days	1 018 720	367 867
Subtotal	33 390 935	25 113 425
Less: Allowance for impairment	(1 403 471)	(949 989)
	31 987 464	24 163 436
National and provincial government		
Current (0 -30 days)	13 252 388	6 034 275
31 - 60 days	123 779	120 843
61 - 90 days	41 392	64 535
91 - 120 days	33 102	55 015
121 - 365 days	1 844 419	2 530 772
> 365 days	1 517 747	985 994
	16 812 827	9 791 434
Total		
Current (0 -30 days)	115 436 868	94 426 141
31 - 60 days	14 087 906	10 733 930
61 - 90 days	4 096 191	3 699 540
91 - 120 days	3 345 325	5 297 450
121 - 365 days	40 371 092	38 799 456
> 365 days	34 244 047	19 761 948
Subtotal	211 581 429	172 718 465
Less: Allowance for impairment	(58 183 370)	(47 186 990)
	153 398 059	125 531 475

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
6. Construction contracts and payables		
Contracts in progress at statement of financial position date		
Construction contracts and receivables/(payables)	(79 520)	(4 043 670)
Reconciliation of contracts for the year		
Contract revenue for the year	79 520	17 729 912
Contract costs for the year	(79 520)	(17 729 912)
Unpaid deliverables at year end	-	(79 520)
Balance at year end	-	(79 520)
Amounts due from/(prepaid by) customers		
Opening balance of Advances Receivable	(79 520)	(4 043 670)
Progress billings for the period (with reference to stage of completion)	79 520	17 729 912
Advances received during the period	-	(13 765 762)
Amounts due from/(prepaid by) customers	-	(79 520)
Less Retentions held	-	-
Total due from/(prepaid by) customers	-	(79 520)
Contracts in progress at year end		
Budgeted construction deliverables due at the beginning of the period	(79 520)	(4 043 670)
New deliverables due	-	(13 765 762)
Contract deliverables met	79 520	17 729 912
Total budgeted contract deliverables due	-	(79 520)
Total due from/(prepaid by customers)	-	(79 520)
Reconciliation of construction contracts balance		
Opening Balance	(79 520)	(4 043 670)
Receipts for the year	-	(13 765 762)
Deliverables met (Revenue recognised)	79 520	17 729 912
	-	(79 520)
Housing Arrangements		
Construction contract revenue is dependent on the infrastructure installation and needs to be reviewed with reference to each housing project's grant revenue as disclosed in Note 31.		
Contract revenue is fixed based on the arrangement with the Provincial Department of Housing. Revenue is determined in terms of the stage of completion which is determined by the progress payments claimed by the sub-contractors received at year end. Contracts with the Provincial Department and its beneficiaries are not subject to any retention.		
30 June 2024		
Opening Balance (due to)/from customers	De Hoop (79 520)	Phola Park -
Transfer from Assets	79 520	-
	-	-
30 June 2023		
Opening Balance (due to)/from customers	Phola Park (341 135)	De Hoop (3 702 535)
Transfer from Assets	341 135	17 388 777
Collections	-	(13 765 762)
	-	(79 520)

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
7. Inventories		
Consumable stores	14 442 840	15 656 064
Franking Machine and Postage	-	30 120
SMS Bundles	-	18 380
Stationery	285 671	386 461
Unsold properties held for resale	6 514 309	6 549 817
Water	359 803	382 269
	21 602 623	23 023 111

The cost of water purchases is subject to the water service concession arrangement (refer to Note 60). The adjusted cost per kilolitre for the year amounted to R 5.87 (2023: R 5.15).

No Inventories have been pledged as collateral for liabilities of the municipality.

The cost of inventories recognised as expense and included in Other Materials (refer to Note 44).

Water for distribution

Opening balance	382 269	292 534
System input volume	33 540 669	33 612 592
Authorised consumption	(27 262 076)	(29 083 571)
Water losses	(6 301 059)	(4 439 286)
Closing balance	359 803	382 269

8. Operating lease liability

Current liabilities	(334 731)	(223 681)
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The Municipality as lessee

Leasing arrangements:

Operating leases relate to Buildings, Computer and other equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Buildings	1 034 268	871 235
Up to 1 year	960 597	797 564
1 to 5 years	73 671	73 671
Computer Equipment	-	335 680
Up to 1 year	-	335 680
Total operating lease commitments	1 034 268	1 206 915

Total Operating Lease Expenses - as Lessee	961 298	1 212 973
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Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
8. Operating lease liability (continued)		
Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:		
Accrual as at 30 June		
Opening balance	(84 193)	(67 030)
Operating lease payments effected	997 977	1 195 810
Operating expenses recorded	(961 298)	(1 212 973)
Total Operating Lease Assets/(Liabilities)	(47 514)	(84 193)

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

The Municipality as Lessor:

Leasing arrangements:

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 5 to 50 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	120 324	120 324
1 to 5 years	107 664	107 664
More than 5 years	1 942	1 942
	229 930	229 930

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has resulted in an (decrease)/increase in current year's income of (R 147 728) (2023: (R 143 821)).

Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

No restrictions have been imposed on the Municipality in terms of the lease agreements.

Accrual as a 30 June

Opening balance	(139 488)	3 330
Operating lease payments received	(807 659)	(792 148)
Operating income recorded as revenue	659 931	649 330
Total Operating Lease Assets/(Liabilities)	(287 216)	(139 488)

9. VAT receivable

VAT	23 036 992	9 030 732
VAT balances per classification		
Statutory Receivable: VAT Control	9 006 270	9 274 831
Receivable from exchange transactions: VAT Input	23 460 513	7 021 686
Payables from exchange transactions: Vat Output	(11 880 486)	(8 846 076)
VAT on provision for bad debts	2 450 695	1 580 291
	23 036 992	9 030 732

For statutory receivable information regarding VAT refer to Note 4.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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9. VAT receivable (continued)

The VAT control represents balances currently due by/(to) SARS.

VAT input represents accrued expenditure not yet paid. As such, the VAT will be claimed in the following month.

VAT output represents VAT on outstanding debtors. VAT on outstanding debtors will only be declared once the debt is recovered. Given the municipal recovery of debt, most of the balance due will be declared to SARS in the following month.

VAT on provision for bad debts represents the VAT that could be claimed once the debt is written off. Such VAT retains the nature of the receivable (e.g. VAT on provision for impairment on Availability charges will be a non-exchange financial instrument whereas same on Electricity debtors would be classified as Receivables from exchange transactions). VAT on Revenue resulting in Statutory receivables (i.e. Rates and Grants) are Zero rated or out of scope in terms of VAT.

10. Non-living resources

Management only identified water resources as no other natural resources are prevalent within our jurisdiction.

The supply from Paardenberg Dam is to supplement the supply to Malmesbury, Abbotsdale, Kalbaskraal, Riverlands and Chatsworth from the Municipality's own local source. Three boreholes at Riverlands are also used as supplementary sources as needed.

No liabilities or contingent liabilities arise due to the custodianship of the Perdeberg Dam. No resources were given up that resulted in compensation from third parties. The service concession arrangement is disclosed in note 60.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	95 603 810	(14 402 501)	81 201 309	96 186 623	(8 834 651)	87 351 972
Movable assets	151 561 169	(70 707 816)	80 853 353	140 798 348	(66 746 413)	74 051 935
Infrastructure	3 985 950 745	(1 993 101 714)	1 992 849 031	3 830 549 352	(1 925 935 125)	1 904 614 227
Community	269 318 952	(152 625 113)	116 693 839	260 759 310	(159 840 925)	100 918 385
Other assets	170 141 088	(120 897 824)	49 243 264	164 074 594	(115 261 175)	48 813 419
Total	4 672 575 764	(2 351 734 968)	2 320 840 796	4 492 368 227	(2 276 618 289)	2 215 749 938

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Fair value adjustment	Depreciation	Impairment loss	Total
Land	87 351 972	830 000	(1 462 040)	49 227	-	-	(5 567 850)	81 201 309
Movable assets	74 051 935	17 843 945	(2 351 103)	-	-	(8 691 424)	-	80 853 353
Infrastructure	1 904 614 227	184 980 443	(6 278 168)	164 967	(6 395 117)	(85 055 234)	817 913	1 992 849 031
Community	100 918 385	24 546 307	(59 656)	2 222 572	-	(7 076 374)	(3 857 395)	116 693 839
Other assets	48 813 419	9 908 910	-	(7 504 619)	-	(1 962 894)	(11 552)	49 243 264
	2 215 749 938	238 109 605	(10 150 967)	(5 067 853)	(6 395 117)	(102 785 926)	(8 618 884)	2 320 840 796

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	85 400 573	877 731	(471 238)	1 621 344	-	(76 438)	87 351 972
Movable assets	61 722 070	21 364 809	(1 390 002)	-	(7 644 942)	-	74 051 935
Infrastructure	1 846 471 183	145 118 319	(8 192 189)	-	(78 783 086)	-	1 904 614 227
Community	102 749 969	4 423 576	(522 807)	-	(5 732 353)	-	100 918 385
Other assets	50 082 893	832 294	-	-	(2 101 768)	-	48 813 419
	2 146 426 688	172 616 729	(10 576 236)	1 621 344	(94 262 149)	(76 438)	2 215 749 938

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	221 601 170	864 960	6 661 869	229 127 999
Additions/capital expenditure	151 279 131	19 775 310	9 744 432	180 798 873
Transferred to completed items	(264 305 189)	(2 661 133)	(397 880)	(267 364 202)
	108 575 112	17 979 137	16 008 421	142 562 670

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	158 909 174	428 264	5 749 750	165 087 188
Additions/capital expenditure	139 682 558	4 371 343	4 082 779	148 136 680
Transferred to completed items	(76 990 562)	(3 934 647)	(3 170 660)	(84 095 869)
	221 601 170	864 960	6 661 869	229 127 999

The description: Other Assets relates to the traditional line for Buildings.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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11. Property, plant and equipment (continued)

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year. Compensation in the amount of R 138 750 (2023: R 39 299), included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year. None of the above assets are pledged as security.

As per Note 45, Impairment losses on Property, Plant and Equipment to the amount of R 8 618 884 (2023: R 76 438) have been recognised in the operating surplus and are included in Impairment Losses in the Statement of Financial Performance.

The estimation of the useful lives of assets is a matter of judgement based on the municipality's experience with similar assets.

Expenditure to repair and maintain assets is disclosed in Note 49.

No projects with expenditure have been halted or delayed significantly.

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. For details of the service concession arrangement refer to Note 60.

Contractual commitments for the acquisition of Property, plant and equipment are disclosed in Note 50.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand

12. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	54 941 609	(30 000 966)	24 940 643	39 033 861	(15 694 740)	23 339 121

Reconciliation of investment property - 2024

	Opening balance	Disposals	Transfers	Impairments	Depreciation	Total
Investment property	23 339 121	(347 418)	2 343 738	(625)	(394 173)	24 940 643

Reconciliation of investment property - 2023

	Opening balance	Disposals	Transfers	Impairments	Depreciation	Total
Investment property	25 533 409	(335 701)	(1 621 344)	(5 460)	(231 783)	23 339 121

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

As per Note 45, impairment losses to the value of R 625 (2023: R 5 460) have been recognised on Investment Property of the municipality at the reporting date. No construction projects were entered into for Investment Property during the year.

Expenditure to repair and maintain assets is disclosed in Note 49.

All of the municipality's Investment Properties are held under freehold interests and none had been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. There are no contractual obligations on Investment Property.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
13. Other financial assets		
At amortised cost		
Long term investment	300 000 000	-
The investment will mature on 29 June 2026 and accumulates interest at an effective rate of 11.07%. Interest is payable at maturity.		
Non-current assets		
At amortised cost	300 000 000	-
Financial assets at amortised cost		
Receivables from exchange and Other financial assets		
The total present value for the investment was classified as follows:		
Long term investment	300 000 000	-
Non-current receivable from exchange transactions: Accrued interest	33 119 014	-
	333 119 014	-

14. Payables from exchange transactions

Trade payables	31 764 760	42 661 520
Payments received in advanced	2 643 045	2 655 406
Retentions	12 844 892	15 481 782
Other payables	13 281 453	16 731 819
Staff leave	19 246 174	17 522 987
Other deposits	1 283 192	1 235 839
13th cheque accrual	7 769 151	7 202 987
	88 832 667	103 492 340

No interest is charged for the first 30 days from the date of receipt of the statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. The carrying value of trade and other payables approximates its fair value. Retentions are usually payable after a period of 12 months.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality. Discounting of trade and other payables on initial recognition is not deemed necessary.

15. Consumer deposits

Electricity and Water	19 659 688	17 845 831
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Guarantees amounting to R 975 490 (2023: R 975 490) are held in lieu of Electricity and Water Deposits.

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

The carrying value of consumer deposits approximates their fair value.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Community Development Workers	1 311	2 501
Covid-19 - Food Parcels and Financial Support	75 000	75 000
Municipal Disaster Relief Grant	350 000	-
Emergency Fire Kits	2 120	-
Emergency Municipal Load-shedding Relief Grant	-	8 506 517
WC Financial Management Capability Grant: Internal Audit	418 031	418 031
WC Financial Management Capability Grant: Student Bursaries	176 807	161 420
Housing: Darling	447 179	-
Housing: De Hoop	363 379	-
Education, Training and Development Practices (Seta)	-	138 559
Municipal Accreditation and Capacity Building	89 089	58 350
Swartland Business Hive (Entrepreneurial Hub)	40 000	-
WC Department of Education - Schools allocation	23 000 000	-
Housing Project - Silvertown	5 500 000	-
Contribution: Grade 1 project	31 000	-
	30 493 916	9 360 378

The Unspent Grants are cash backed. The municipality complied with the conditions applicable to all grants received to the extent of revenue recognised. No grants were withheld. The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

Included above are funds received from private institutions such as, WC Department of Education, Covid-19, etc. which are not unspent grants, but rather unspent in terms of the agreement with such funder.

See Note 31 for reconciliation of grants by other spheres of government and for Public Contributions (Other Receipts).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

17. Other financial liabilities

At amortised cost

Annuity loans	38 813 954	90 850 978
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Summary of arrangements

Annuity Loans are repaid over periods varying from ten to twenty years (2023: ten to twenty years), and at interest rates varying from 8.61% to 10.96% (2023: 8.61% to 10.96%). Annuity Loans are not secured.

Refer to Appendix A for more detail on long-term liabilities.

Non-current liabilities

At amortised cost	33 358 238	82 089 645
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Current liabilities

At amortised cost	5 455 716	8 761 333
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18. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

	81 423 000	74 582 000
Long Term: Post-Employment Health Care Benefit Liability	76 928 000	70 830 000
Current Portion: Post-Employment Health Care Benefit Liability	4 495 000	3 752 000
	14 857 000	13 308 000
Long Term: Long Service Awards	12 747 000	12 144 000
Current portion: Long Service Awards	2 110 000	1 164 000
	96 280 000	87 890 000
Non-current liabilities	89 675 000	82 974 000
Current liabilities	6 605 000	4 916 000
	96 280 000	87 890 000

Post-Employment Health Care Benefit Liability

The Municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2024 by ARCH Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement or long service benefits are provided by the municipality.

In-service members	341	339
In-service (non)-members	306	302
Continuation members	72	68
	719	709

During the current year the municipality revised its estimates to include a higher percentage of in-service non-members. Some employees that would previously not have been able to afford medical aid may indeed be able to afford such benefits in the future. The municipality estimates that 10% (2023: 10%) of employees currently not in a position to afford medical aid, may be able to join a scheme before retirement. The 10% potential joining rate was determined based on municipal history in conjunction with national data reviewed by the actuaries.

Swartland Municipality

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18. Employee benefit obligations (continued)

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

In-service members	35 016 000	32 366 000
In-service (non)-members	3 289 000	2 941 000
Continuation members	43 118 000	39 275 000
	81 423 000	74 582 000

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

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

The future service cost for the ensuing year is established to be R 2 753 000, whereas the interest-cost for the next year is estimated to be R 9 667 000 (2023: R 2 548 000 and R 9 051 000 respectively).

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	74 582 000	74 092 000
Benefits paid	(3 814 543)	(3 533 171)
Net expense recognised in the statement of financial performance	10 655 543	4 023 171
	81 423 000	74 582 000

Net expense recognised in the statement of financial performance

Current service cost	2 548 000	2 476 000
Interest cost	9 051 000	8 541 000
Actuarial (gains) losses	(943 457)	(6 993 829)
	10 655 543	4 023 171

Calculation of actuarial gains and losses

Basis changes: Increase in net discount rate	(1 323 000)	(9 819 000)
Basis changes: Change in in-service non-member assumed medical aid option	-	1 390 000
Subsidy inflationary increases lower than assumed	343 000	(987 000)
Changes to membership profile different from assumed	(26 000)	2 416 000
Actual benefits vested, greater than expected	62 543	6 171
	(943 457)	(6 993 829)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12,20 %	12,44 %
Expected rate of health care cost inflation rate	7,69 %	8,05 %
Net effective discount rate	4,19 %	4,06 %
Expected medical aid increases	6,19 %	6,55 %
Average retirement age	62	62

Reasons for the Movement in the Liability:

The average in-service member liability has increased by 8% since the last valuation due to :

- an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

18. Employee benefit obligations (continued)

- an increase in the average past service
- an increase in the average post-employment subsidy

The average in-service non-member liability has increased by 87% since the last valuation primarily due to a change in the assumed medical aid option used for non-members, from Bonitas Cap to Samwumed B. Furthermore, there was:

- an increase in the average post-employment subsidy (partially due to the change in the assumed option)
- an increase in the average age
- an increase in the average past service

The total in-service non-member liability has increased by 12% due to the above, combined with an increase in the number of in-service non-members.

The total continuation member liability has increased by 10% due to the above, combined with an increase in the number of continuation members.

Sensitivity analysis and movements for the year

The below table summarises significant sensitivity effects on the amounts recognised in surplus or deficit.

	Changes in overall assumptions	One percentage point increase	One percentage point decrease
30 June 2024			
Key assumptions			
Effect on the aggregate of the service cost and interest cost	11 599 000	-	-
Effect on defined benefit obligation	81 423 000	-	-
Health care inflation rate			
Effect on the aggregate of the service cost and interest cost	-	13 448 000	10 096 000
Effect on defined benefit obligation	-	92 562 000	72 217 000
Discount rate			
Effect on the aggregate of the service cost and interest cost	-	10 826 000	12 533 000
Effect on defined benefit obligation	-	72 625 000	92 175 000
Post-employment mortality			
Effect on the aggregate of the service cost and interest cost	-	11 270 000	11 928 000
Effect on defined benefit obligation	-	79 122 000	83 713 000
Average retirement age (1 year later)			
Effect on the aggregate of the service cost and interest cost	12 255 000	-	-
Effect on defined benefit obligation	85 233 000	-	-
Membership continuation (10% longer)			
Effect on the aggregate of the service cost and interest cost	10 673 000	-	-
Effect on defined benefit obligation	76 317 000	-	-
30 June 2023			
Key assumptions			
Effect on the aggregate of the service cost and interest cost	11 017 000	-	-
Effect on defined benefit obligation	74 582 000	-	-
Health care inflation rate			
Effect on the aggregate of the service cost and interest cost	-	12 892 000	9 506 000
Effect on defined benefit obligation	-	84 777 000	66 154 000
Discount rate			
Effect on the aggregate of the service cost and interest cost	-	10 218 000	11 989 000
Effect on defined benefit obligation	-	66 521 000	84 437 000
Post-employment mortality			
Effect on the aggregate of the service cost and interest cost	-	10 677 000	11 989 000
Effect on defined benefit obligation	-	72 437 000	76 717 000
Average retirement age (1 year later)			
Effect on the aggregate of the service cost and interest cost	11 607 000	-	-
Effect on defined benefit obligation	69 874 000	-	-

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Notes to the Annual Financial Statements

Figures in Rand 2024 2023

18. Employee benefit obligations (continued)

Membership continuation

Effect on the aggregate of the service cost and interest cost	10 164 000	-	-
Effect on defined benefit obligation	69 874 000	-	-

Maturity analysis of the Post-employment medical aid subsidy:

	Expected benefit payments
Within 1 year	4 495 000
Within 2-5 years	23 068 000
Within 6-10 years	44 006 000
Within 11-20 years	186 360 000
Within 21-40 years	950 696 000
Beyond 40 years	1 346 947 000

The municipality expects to make a contribution of R 4 495 000 (2023: R 3 752 000) to the defined benefit plans during the next financial year.

Refer to Note 61 "Multi- Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that are Provincially and Nationally administered.

Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2024 may become entitled to in future, based on an actuarial valuation performed at that date.

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

At year end, 62 (2023: 77) employees received Long-service Awards.

Eligible employees at the beginning of the year	641	631
New entrants	12	33
Members that exited	(6)	(23)
Eligible employees at the end of the year	647	641

The future service cost for the ensuing year is established to be R 1 183 000 whereas the interest-cost for the next year is estimated to be R 1 561 000 (2023: R 1 112 000 and R 1 459 000 respectively).

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	13 308 000	13 197 000
Benefits paid	(1 203 946)	(1 711 099)
Net expense recognised in the statement of financial performance	2 752 946	1 822 099
	14 857 000	13 308 000

Net expense recognised in the statement of financial performance

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
18. Employee benefit obligations (continued)		
Current service cost	1 112 000	1 118 000
Interest cost	1 459 000	1 395 000
Actuarial (gains) losses	181 946	(690 901)
	2 752 946	1 822 099

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,29 %	11,45 %
Expected rate of salary increases	6,42 %	6,68 %
Net effective discount rate	4,58 %	4,47 %
Average retirement age	62	62

The history of experience adjustments

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed general earnings inflation rates would have the following effects:

	Changes in overall assumptions	One percentage point increase	One percentage point decrease
30 June 2024	-		
Key assumptions	-		
Effect on the aggregate of the service cost and interest cost	2 571 000	-	-
Effect on defined benefit obligation	14 857 000	-	-
General earnings inflation rate	-		
Effect on the aggregate of the service cost and interest cost	-	2 756 000	2 404 000
Effect on defined benefit obligation	-	15 726 000	14 067 000
Discount rate	-		
Effect on the aggregate of the service cost and interest cost	-	2 533 000	2 614 000
Effect on defined benefit obligation	-	14 053 000	15 754 000
Post-employment mortality	-		
Effect on the aggregate of the service cost and interest cost	-	-	-
Effect on defined benefit obligation	-	-	-
Average retirement age (2 years later)	-		
Effect on the aggregate of the service cost and interest cost	2 895 000	-	-
Effect on defined benefit obligation	16 842 000	-	-
Rates of termination of service (x two)	-		
Effect on the aggregate of the service cost and interest cost	2 016 000	-	-
Effect on defined benefit obligation	12 397 000	-	-
30 June 2023	-		
Key assumptions	-		
Effect on the aggregate of the service cost and interest cost	2 513 000	-	-
Effect on defined benefit obligation	13 308 000	-	-
General earnings inflation rate	-		
Effect on the aggregate of the service cost and interest cost	-	2 704 000	2 341 000
Effect on defined benefit obligation	-	14 134 000	12 557 000
Discount rate	-		
Effect on the aggregate of the service cost and interest cost	-	2 464 000	2 567 000
Effect on defined benefit obligation	-	12 545 000	14 160 000
Post-employment mortality	-		
Effect on the aggregate of the service cost and interest cost	-	-	-
Effect on defined benefit obligation	-	-	-
Average retirement age (2 years later)	-		
Effect on the aggregate of the service cost and interest cost	2 833 000	-	-
Effect on defined benefit obligation	15 078 000	-	-

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

18. Employee benefit obligations (continued)

Rates of termination of service (x two)

Effect on the aggregate of the service cost and interest cost	1 934 000	-	-
Effect on defined benefit obligation	10 961 000	-	-

Maturity analysis of the Long service award:

	Expected benefits vesting
Within 1 year	2 110 000
Within 2-5 years	8 361 000
Within 6-10 years	14 822 000
Within 11-20 years	31 413 000
Within 21-40 years	32 667 000

The municipality expects the benefits to vest in the ensuing year of R 2 110 000 (2023: R 1 164 000).

19. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Remeasure / Redemption	Interest due to passage of time	Total
Landfill Site	58 486 876	(6 613 603)	5 438 504	57 311 777
SARS Library Grant	8 192 545	92 607	495 181	8 780 333
	66 679 421	(6 520 996)	5 933 685	66 092 110

Reconciliation of provisions - 2023

	Opening Balance	Remeasure / Redemption	Interest due to passage of time	Total
Landfill Site	51 156 085	1 855 785	5 475 006	58 486 876
SARS Library Grant	8 192 545	289 107	610 652	8 192 545
Legal Proceedings	370 000	(370 000)	-	-
	59 718 630	1 774 892	6 085 658	66 679 421

Non-current liabilities	57 311 777	58 486 876
Current liabilities	8 780 333	8 192 545
	66 092 110	66 679 421

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2024 2023

19. Provisions (continued)

Legal Proceedings:

The plaintiff, Paulus Smit N.O. instituted an application to WC High Court for order directing the municipality to, inter alia erect a wall between Mr Smit's farm property and that of the Municipality. Judgement was delivered on 23 August 2019 with the municipality having to pay R370 000 as a final contribution to the erection of a wall by the applicant. Payment is contingent on the wall being erected with Swartland contributing the final payment to enable the completion of such works. The wall has not yet been erected and no building plans have been submitted for such a wall to be erected. Therefore the amount is deemed a provision as the conditions for payment has not yet been met. Following a new notice and summons in the High Court of the Western Cape on 22 August 2022, the municipality made a payment of R370 000 on 15 September 2022. Such payment is conditional and as such, is included under the contingent assets (Note 51). Details of the new matter is also included under contingent liabilities.

SARS Library Grant

For more information on the matter refer to Note 51.

The comparative figures have been restated as per Note 62.

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R 57 311 776 (2023: R58 486 876) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using rates below as per similar Government Bond periods and the average Consumer Price Index from June to May.

Sites 2024	Proposed Rehabilitation Date	Size (Square Meters)	Current Costs per Square	2024 Provision	2023 Provision
Darling	2039/2040	32 717	998	12 185 533	11 990 572
Highlands	2037/2038	96 456	200	8 499 413	7 414 840
Koringberg (*)	2028/2029	4 500	1 835	6 878 396	6 770 909
Moorreesburg	2033/2034	28 100	771	12 254 779	11 817 123
Riebeek Kasteel	2031/2032	22 118	897	13 999 702	16 414 073
Yzerfontein	2032/2033	27 400	193	3 493 953	4 079 359
		211 291	4 894	57 311 776	58 486 876

Each year, the landfill sites are reviewed in terms of size, available capacity and other environmental factors. Each of the factors have an impact on the valuation at year-end. The following key factors were considered:

Sites	Years until rehabilitation 2024	Years until rehabilitation 2023	Discount rate 2024	Discount rate 2023
Darling	16	16	11,70 %	11,73 %
Highlands	14	15	11,36 %	11,58 %
Koringberg (*)	5	3	8,94 %	9,17 %
Moorreesburg	11	11	10,61 %	10,83 %
Riebeek Kasteel	8	4	9,71 %	9,18 %
Yzerfontein	9	5	9,96 %	9,19 %

Swartland Municipality

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Figures in Rand 2024 2023

19. Provisions (continued)

Sites	Size 2024 (Square Meters)	Size 2023 (Square Meters)	Rate per Square Meter 2024	Rate per Square Meter 2023	% Change in rate/square meter
Darling	32 717	32 717	998	957	4,26 %
Highlands	96 456	96 456	200	185	8,01 %
Koringberg (*)	4 500	4 500	1 835	1 681	9,17 %
Moorreesburg	28 100	28 100	771	744	3,61 %
Riebeek Kasteel	22 118	22 118	897	860	4,28 %
Yzerfontein	27 400	27 400	193	179	7,64 %

Sites	Opening Balance	Interest Expense	Market related adjustments (capitalised)	Total
Darling	11 990 572	1 276 567	(1 081 606)	12 185 533
Highlands	7 414 840	866 729	217 844	8 499 413
Koringberg (*)	6 770 909	564 581	(457 094)	6 878 396
Moorreesburg	11 817 123	1 175 661	(738 005)	12 254 779
Riebeek Kasteel	16 414 073	1 238 500	(3 652 871)	13 999 702
Yzerfontein	4 079 359	316 465	(901 871)	3 493 953
	58 486 876	5 438 503	(6 613 603)	57 311 776

20. Statutory fund: Housing development

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

21. Reserves: Capital Replacement

The Capital Replacement Reserve is a reserve to finance future capital expenditure, is fully funded and invested in Financial Instruments.

Balance at the beginning of the year	259 260 281	266 156 243
Contribution from accumulated surplus	123 017 635	90 202 918
Capital contributions received	41 767 349	1 706 706
Funding capital projects	(124 624 028)	(98 805 586)
	299 421 237	259 260 281

22. Accumulated surplus

Accumulated surplus generated from operations	2 712 124 967	2 484 960 582
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Accumulated Surplus has been restated to correctly classify amounts held by the municipality. Refer to Note 62 "Correction of Error" for details of the restatements.

23. Service charges

Sale of electricity	443 249 370	361 186 362
Sale of water	92 981 779	82 372 082
Sewerage and sanitation charges	60 460 874	49 885 270
Refuse removal	33 962 559	29 647 053
	630 654 582	523 090 767

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
24. Agency services		
Driver's Licenses	5 348 435	5 511 479
25. Interest received		
Interest revenue		
Interest earned - Investments	41 694 396	50 987 485
Bank account	9 950 665	7 950 622
Outstanding debtors: Exchange receivables	3 268 589	2 451 694
Non-current Interest:Receivables	33 119 014	-
Interest earned - Land sales	-	1 198
	88 032 664	61 390 999
26. Operational revenue		
Sale of goods and rendering of services		
Advertisements	364 777	363 956
Application Fees for Land Usage	200 135	139 129
Building Plan Approval	3 613 332	3 320 363
Bulk Waste Dumping	1 702 383	1 204 216
Camping Fees	3 703 373	3 687 660
Cemetery and Burial	901 942	818 777
Cleaning and Removal	726 827	372 730
Clearance Certificates (Rates)	534 974	352 744
Encroachment Fees	590	590
Entrance Fees	745 276	550 497
Escort Fees	107 739	145 210
Housing (Boarding Services) - Staff	126 160	117 931
Occupation Certificates	420 902	378 819
Photocopies and Faxes	135 617	137 008
Removal of Restrictions	367 707	340 726
Sewerage Blockages	408 284	384 764
Rendering of Fire Services	14	10
Sub-division and Consolidation Fees	234 551	131 250
Tender Documents	72 793	45 095
Town Planning and Servitudes	31 639	17 980
Valuation Services	156 242	181 370
Other operational revenue		
Administrative Handling Fees	70 430	70 516
Application: Service Connections	532 791	619 836
Breakages and Losses Recovered	58 944	53 182
Bad debts recovered	358 675	479 080
Housing Selling Schemes	-	1 394
Sundry income and cash surpluses	48 643	32 454
Insurance Refund	423 665	96 879
Merchandising, Jobbing and Contracts	144 526	71 871
Other Fees	2 911	2 596
Registration Fees - Road and Transport	267 360	306 161
Transaction Handling Fees	129 946	110 217
Debt Forgiveness	736 053	595 513
	17 329 201	15 130 524

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Rental of facilities and equipment		
Premises		
Rental Revenue from buildings	365 604	596 342
Halls		
Rental Revenue from halls	316 632	308 855
Facilities and equipment		
Rental of equipment	700 247	684 784
	1 382 483	1 589 981
28. Development charges		
Development charges received (cash)		
Parking Areas	54 185	39 365
Water	2 785 079	726 723
Sanitation	2 865 584	364 101
Stormwater	1 386 758	402 812
Electricity	1 768 178	173 706
Development charges received through asset donations		
Water	9 117 018	-
Sanitation	578 318	-
Stormwater	1 529 395	-
Electricity	17 613 494	-
Roads	4 069 339	-
	41 767 348	1 706 707
29. Property rates		
Rates received		
Residential	95 944 707	87 985 903
Commercial	15 077 119	14 009 683
State	10 759 532	9 986 071
Vacant land	8 908 804	8 962 551
Farm Properties: Agricultural Purposes	24 200 810	22 526 333
Industrial	9 231 312	8 559 405
Rural: Business	1 955 059	2 045 992
Less: Revenue forgone	(2 902 791)	(1 959 068)
	163 174 552	152 116 870

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

29. Property rates (continued)

Valuation of properties (R'000)

Rates Category	Rate 2024	Rate 2023	Valuation 2024	Valuation 2023
Residential	0,5956	0,5624	17 208 324	16 883 017
Commercial	0,8769	0,8203	2 130 608	2 087 276
State	0,8769	0,8203	1 679 912	1 590 626
Vacant land	0,8022	0,7575	1 281 708	1 318 205
Farm properties: Agricultural purposes	0,1489	0,1406	13 552 747	13 637 704
Industrial	0,8769	0,8203	962 705	966 234
			36 816 004	36 483 062

A statutory rebate of 75% was granted on agricultural land. A statutory rebate of R 15 000 on the value of the property is granted to residential property owners. A further R 300 000 discount on the market value of the property, over and above the aforementioned R 15 000 is granted on the value of the property for residents 60 years and older on condition that they occupy the premises. Some additional relief was provided to qualifying consumers in order to assist families in need.

30. Interest on receivables

Interest - Property rates	1 547 866	1 239 369
Interest - Availability charges	426 208	357 084
	1 974 074	1 596 453

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Government grants and subsidies		
Unconditional grants		
Equitable Share	143 235 000	126 228 000
Conditional grants		
Community Development: Workers	36 689	35 499
Community Safety: K9 Unit	3 345 000	2 527 485
Education, Training and Development Practices (Seta)	2 075 717	861 795
WC Municipal Energy Resilience Grant	680 000	-
Extended Public Works Programme	1 830 000	1 873 000
WC Financial Management Capability Grant: Student Bursaries	84 613	160 000
Fire Services Capacity Building	926 000	-
Housing Project: Darling	2 850 000	2 615 230
Housing Project: Malmesbury De Hoop	48 047 638	-
Housing Project: Sibanye-Moorreesburg	3 200 000	900 000
Integrated National Electrification Programme	23 658 000	17 600 000
Library service	12 211 393	11 333 893
Local Government Employment Support Grant	-	855 341
Local Government Financial Management Grant	1 550 000	1 550 000
Municipal Accreditation and Capacity Building	155 911	196 774
Law Enforcement Reaction Unit Grant	5 509 000	5 329 139
Municipal Infrastructure Grant	23 055 000	33 810 000
Municipal Energy Resilience Grant	8 506 517	2 438 483
Municipal Water Resilience Grant	-	600 000
Proclaimed Roads Subsidies	170 000	4 470 000
Non-motorised Transport Grant	500 000	-
Regional Socio-Economic Project (RSEP)	500 000	1 200 000
Service Delivery and Capacity Building Grant	500 000	-
Sports Development Grant	966 374	-
Title Restoration: Housing Projects	281 980	-
	140 639 832	88 356 639
	283 874 832	214 584 639

No funds destined for the municipality in terms of the annual Division of Revenue Act were delayed, withheld or withdrawn.

The municipality complied with the grant terms including the requirements of section 214(1) of the Constitution.

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Community Development: Workers

Balance unspent at beginning of year	2 501	-
Current-year receipts	38 000	38 000
Conditions met - transferred to revenue	(36 689)	(35 499)
Repayment to funder	(2 501)	-
	1 311	2 501

Conditions still to be met - remain liabilities (see note 16).

Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Government grants and subsidies (continued)		
Community Safety: K9 Units		
Balance unspent at beginning of year	-	107 485
Current-year receipts	3 345 000	2 420 000
Conditions met - transferred to revenue	(3 345 000)	(2 527 485)
	-	-
Funds are for the establishment of a dog unit for detecting drugs.		
COVID 19 - Food Parcels and Financial Support		
Balance unspent at beginning of year	75 000	75 000
Conditions still to be met - remain liabilities (see note 16).		
Special government allocations received in order to assist those in need following the Covid-19 national lockdown. The balance remaining is expected to be refunded to the public during the 2023/24 financial year.		
The unspent funds will be repaid to the funders during 2024/25.		
Non-motorised Transport Grant		
Current-year receipts	500 000	-
Conditions met - transferred to revenue	(500 000)	-
	-	-
Funds are utilised to build and improve the municipal pavement network.		
Education, Training and Development Practices (Seta)		
Balance unspent at beginning of year	138 559	-
Current-year receipts	1 729 383	1 000 353
Conditions met - transferred to revenue	(2 075 717)	(861 794)
Transferred to/(from) debtors (Sundry Receivables - Non-exchange receivables)	207 775	-
	-	138 559
Conditions still to be met - remain liabilities (see note 16).		
Training of officials as well as unemployed persons utilised on projects under control of the Municipality.		
The unspent portion relates to students in training for which the project is only expected to draw to a close in 2023/24.		
WC Municipal Energy Resilience Grant		
Current-year receipts	(680 000)	-
Conditions met - transferred to revenue	680 000	-
	-	-

The grant funded the Electricity Cost of Supply Study.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2024 2023

31. Government grants and subsidies (continued)

Extended Public Works Programme

Current-year receipts	1 830 000	1 873 000
Conditions met - transferred to revenue	(1 830 000)	(1 873 000)
	<u>-</u>	<u>-</u>

The grant is to enable the Municipality to create jobs.

Local Government Employment Support Grant

Balance unspent at beginning of year	-	855 341
Conditions met - transferred to revenue	-	(855 341)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 16).

The grant is to enable the Municipality to create jobs.

Municipal Water Resilience Grant

Current-year receipts	-	600 000
Conditions met - transferred to revenue	-	(600 000)
	<u>-</u>	<u>-</u>

The funds are to enable the Municipality to investigate and implement water savings initiatives..

Municipal Energy Resilience Grant

Balance unspent at beginning of year	8 506 517	-
Current-year receipts	-	10 945 000
Conditions met - transferred to revenue	(8 506 517)	(2 438 483)
	<u>-</u>	<u>8 506 517</u>

Conditions still to be met - remain liabilities (see note 16).

The grant is for the Municipality to investigate and implement alternative energy solutions.

WC Financial Management Capability Grant: Student Bursaries

Balance unspent at beginning of year	161 420	21 420
Current-year receipts	100 000	300 000
Conditions met - transferred to revenue	(84 613)	(160 000)
	<u>176 807</u>	<u>161 420</u>

Conditions still to be met - remain liabilities (see note 16).

Municipal bursary programme that enable municipalities to attract top performing learners and learners with potential to succeed in Higher Education Institutions (HEI) in the areas such as finance, economics, accounting, supply chain management, internal audit, risk management, infrastructure, etc.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2024 2023

31. Government grants and subsidies (continued)

WC Financial Management Capability Grant: Internal Audit

Balance unspent at beginning of year	418 031	-
Current-year receipts	-	418 031
	<u>418 031</u>	<u>418 031</u>

Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to implement a systematic and formalised process to identify, assess, manage and monitor risks by acquiring, configuring and utilising a Risk Management automated electronic system.

Municipal Disaster Relief Grant

Current-year receipts	<u>350 000</u>	-
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Conditions still to be met - remain liabilities (see note 16).

Funding was received for infrastructure damages due to the impact of floods that occurred in December 2023 to January 2024 (Washed away Gravel Roads in Chatsworth, Kalbaskraal, Riebeek Wes/Kasteel and Moorresburg).

Housing Project: Kalbaskraal

Balance unspent at beginning of year	-	2 347
Refunded to funder	-	(2 347)
	<u>-</u>	<u>-</u>

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Emergency Fire Kits

Current-year receipts	284 100	-
Conditions met - transferred to revenue	(281 980)	-
	<u>2 120</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 16).

Financial assistance from the Department of Infrastructure for the provision of enhanced emergency kits and relocation costs

For the change in accounting policy refer to note. The balance included under receivables remains unchanged as the change in accounting policy would have resulted in a credit against the debtors with the new treatment resulting in an additional debit.

Housing Project: Darling

Current-year receipts	3 297 179	2 615 230
Conditions met - transferred to revenue	(2 850 000)	(2 615 230)
	<u>447 179</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 16).

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Government grants and subsidies (continued)		
Housing Project: Malmesbury De Hoop		
Construction contracts - Balance unspent at beginning of year	-	3 702 535
Current-year receipts	48 411 017	-
Conditions met - transferred to revenue	(48 047 638)	-
Construction contracts - Collections	79 520	13 765 762
Construction contracts - Transfer of Assets	(79 520)	(17 388 777)
Construction contracts - Closing Balance	-	(79 520)
	363 379	-

Conditions still to be met - remain liabilities (see note 16).

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 26 and 59.

Housing Project: Riebeek Kasteel

Current-year receipts	-	1 806 690
	-	(1 806 690)
	-	-

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 26 and 59.

Housing: Riebeek Wes

Balance unspent at beginning of year	-	65 393
Repayment to funder	-	(65 393)
	-	-

Conditions still to be met - remain liabilities (see note 16).

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Housing Project: Sibanye-Moorreesburg

Current-year receipts	3 200 000	900 000
Conditions met - transferred to revenue	(3 200 000)	-
Transferred (to)/from debtors (Sundry Receivables - Non-exchange receivables)	-	(900 000)
	-	-

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Integrated National Electrification Programme

Current-year receipts	23 658 000	17 600 000
Conditions met - transferred to revenue	(23 658 000)	(17 600 000)
	-	-

Funds made available for the electrical network to the proposed area where low cost houses are build and the electrification of these houses.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Government grants and subsidies (continued)		
Library service		
Current-year receipts	12 304 000	11 623 000
Provision for VAT	(92 607)	(289 107)
Conditions met - transferred to revenue	(12 211 393)	(11 333 893)
	-	-
Grant provided for the partial funding of the operational and capital costs of libraries in the area under the jurisdiction of the Swartland Municipality.		
Local Government Financial Management Grant		
Current-year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue	(1 550 000)	(1 550 000)
	-	-
The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, capacity building, the implementation of municipal finance management legislation and regulating policies and compliance with generally accepted municipal accounting practices.		
Municipal Accreditation and Capacity Building		
Balance unspent at beginning of year	58 350	255 124
Current-year receipts	245 000	255 124
Conditions met - transferred to revenue	(155 911)	(196 774)
Refunded to funder	(58 350)	(255 124)
	89 089	58 350
Conditions still to be met - remain liabilities (see note 16).		
Funds received for the remuneration of an intern for the Department of Community Services.		
Municipal Infrastructure Grant		
Current-year receipts	(23 055 000)	33 810 000
Conditions met - transferred to revenue	23 055 000	(33 810 000)
	-	-
Funds utilised for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection / construction of new amenities required for service delivery and the development of sport.		
Proclaimed Roads Subsidies		
Current-year receipts	170 000	4 470 000
Conditions met - transferred to revenue	(170 000)	(4 470 000)
	-	-
Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs are partly recoverable from the Administration.		
WC Department of Education - Schools allocation		
Current-year receipts	23 000 000	-

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

31. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 16).

Funds made available for the development costs associated with municipal services to enable the building of a new school in Malmesbury.

Regional Socio-Economic Project (RSEP)

Current-year receipts	500 000	1 200 000
Conditions met - transferred to revenue	(500 000)	(1 200 000)
	<u>-</u>	<u>-</u>

Funds received from PAWC for the social upliftment in lower income areas to improve living conditions and combat crime.

Law Enforcement Reaction Unit Grant

Balance unspent at beginning of year	-	1 329 139
Current-year receipts	5 509 000	4 000 000
Conditions met - transferred to revenue	(5 509 000)	(5 329 139)
	<u>-</u>	<u>-</u>

Funds received from PAWC for establishment of a law enforcement reaction unit.

Sports Development Grant

Current-year receipts	966 374	-
Conditions met - transferred to revenue	(966 374)	-
	<u>-</u>	<u>-</u>

Funds received for the enhancement of existing sports grounds.

Standard Contribution: Top Achievers Award

Current-year receipts	-	25 000
Conditions met - transferred to revenue	-	(25 000)
	<u>-</u>	<u>-</u>

Funds received Standard Bank to recognise Top Academic Achievers at local schools.

Title Restoration: Housing Projects

Balance unspent at beginning of year	-	140 197
Refunded to funder	-	(140 197)
	<u>-</u>	<u>-</u>

Funds utilised for the title deed restoration for owners of low cost housing.

Swartland Business Hive (Entrepreneurial Hub)

Balance unspent at beginning of year	-	360 400
Current-year receipts	40 000	-
Conditions met - transferred to revenue	-	(360 400)
	<u>40 000</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 16).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

31. Government grants and subsidies (continued)

Public and provincial contributions (donations) for the establishment and enhancement of entrepreneurs.

This is considered a public contribution rather than a grant as the funding source is not the Division of Revenue Act.

Public Contribution: Swartland Water Week

Current-year receipts	6 000	7 000
Conditions met - transferred to revenue	(6 000)	(7 000)
	<u>-</u>	<u>-</u>

A private funder made a contribution to the prizes issued during the school visits to educate learners and their families to save water.

This is considered a public contribution rather than a grant.

Housing Project - Silvertown

Conditional grants received	5 500 000	-
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Conditions still to be met - remain liabilities (see note 16).

Funds provided to enable the Municipality to finance the purchase of land.

Sondeza

Current-year receipts	-	23 000
Conditions met - transferred to revenue	-	(23 000)
	<u>-</u>	<u>-</u>

Funding was received for the sponsorship of a youth event.

This is considered a public contribution rather than a grant.

Contribution: SANRAL

Current-year receipts	613 698	7 447 102
Conditions met - transferred to revenue	(1 172 091)	(10 832 672)
Transferred to/(from) debtors (Sundry Receivables - Non-exchange receivables)	558 393	3 385 570
	<u>-</u>	<u>-</u>

SANRAL made a contribution to the upgrading of sidewalks within the municipal jurisdiction.

This is considered a public contribution rather than a grant as the funding source is not the Division of Revenue Act.

Contribution: Grade 1 Project

Current-year receipts	31 000	-
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Funds received in lieu of Social development for grade 1 learners.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

31. Government grants and subsidies (continued)

Reconciliation of grant allocation expenditure (conditions met - transferred to revenue) per vote (MFMA s123(c))

Vote 1 - Corporate Services	14 371 724	12 360 608
Vote 2 - Civil Services	35 027 891	44 041 904
Vote 4 - Electricity Services	24 338 000	17 600 000
Vote 5 - Financial Services	1 550 000	1 550 000
Vote 6 - Development Services	54 869 757	22 677 416
Vote 8 - Protection Services	10 561 980	7 856 624
	140 719 352	106 086 552

The above revenue were recognised as follows:

Construction contracts	79 520	17 729 913
Government grants and subsidies	140 639 832	88 356 639
	140 719 352	106 086 552

32. Fines, Penalties and Forfeits

Building fines	177 366	134 931
Councillors fines	1 304	652
Deposits	12 453	9 997
Illegal connections	45 357	62 757
Library: Abbotsdale	137	308
Library: Chatsworth	286	315
Library: Darling	2 660	1 711
Library: Malmesbury	3 613	2 095
Library: Moorreesburg	2 486	3 021
Library: Riebeek Kasteel	791	870
Library: Riebeek Wes	696	1 739
Library: Wesbank	2 428	2 164
Traffic fines	38 332 501	34 471 600
	38 582 078	34 692 160

33. Licences and permits (non-exchange)

Application: Driver licenses	642 411	655 563
Application: Instruction certificate	1 148	1 578
Application: Learner licenses	248 588	241 848
Application: Special permits	59 605	56 654
Application: Temporary permits	183 150	188 286
Drivers licenses: Issue	435 384	455 647
Drivers licenses: Temporary	124 713	124 204
Film shooting	203 570	252 217
Instruction certificates: Issue	115	115
Learners license: Duplicate	3 961	4 104
Learners license: Issue	67 207	70 306
Licences: Deregistration, special and other	36 100	32 750
Licences: Trading	1 503	1 006
Professional driver permits	147 760	153 812
Registrations: Vehicles	2 775 201	2 733 609
Registrations: Duplicate	148 995	115 830
	5 079 411	5 087 529

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
34. Public contributions and donations		
SANRAL	1 172 090	11 225 071
Sondeza (SLIMSUN)	-	23 000
Swartland water week	6 000	-
	1 178 090	11 248 071
Conditions still to be met - remain liabilities (see note 16)		
35. Availability charges		
Electricity	3 712 233	3 430 130
Water	1 744 141	1 769 432
Refuse	3 177 139	3 123 396
Sewerage and sanitation charges	2 460 437	2 566 437
	11 093 950	10 889 395
36. Employee related costs		
Employee related costs - Salaries and Wages	185 153 132	172 372 343
Employee related costs - Contributions for UIF, pensions, medical aids and other contributions	53 744 909	49 198 593
Bonuses: 13th cheque	14 704 455	13 049 688
Contribution to leave gratuity	3 001 938	2 641 802
Housing benefits and allowances	1 316 892	1 165 523
Overtime payments	19 349 446	18 530 854
Performance bonus	1 155 088	249 636
Travel, motor car, accommodation and other allowances	24 702 485	23 324 459
Contribution to provision for post-retirement medical aid benefits	10 655 543	4 023 171
Contribution to long-service provision	2 752 946	1 822 099
	316 536 834	286 378 168
Remuneration of Municipal Manager		
Annual Remuneration	1 591 125	1 353 890
Car Allowance	272 826	96 000
Performance Bonuses	176 909	249 636
Contributions to UIF, Medical and Pension Funds	418 611	368 799
Cellphone Allowance	42 800	40 800
	2 502 271	2 109 125
Remuneration of Chief Finance Officer		
Annual Remuneration	1 379 918	1 313 904
Car Allowance	72 000	60 000
Performance Bonuses	158 142	-
Contributions to UIF, Medical and Pension Funds	368 144	350 012
Cellphone Allowance	42 800	40 800
Leave Pay	70 285	66 684
	2 091 289	1 831 400

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
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36. Employee related costs (continued)

Remuneration of Director: Corporate Services

Annual Remuneration	1 421 972	1 342 747
Car Allowance	60 180	60 180
Cellphone Allowance	42 800	40 800
Contributions to UIF, Medical and Pension Funds	340 686	323 209
Leave Pay	-	66 684
Performance Bonuses	158 142	-
	2 023 780	1 833 620

Remuneration of Director: Civil Engineering Services

Annual Remuneration	1 359 896	1 284 025
Car Allowance	96 000	96 000
Performance Bonuses	158 142	-
Contributions to UIF, Medical and Pension Funds	348 709	329 312
Cellphone Allowance	42 800	40 800
Leave Pay	70 285	66 684
	2 075 832	1 816 821

Remuneration of Director: Electrical Engineering Services (Former)

Annual Remuneration	-	105 449
Car Allowance	-	12 345
Contributions to UIF, Medical and Pension Funds	-	3 400
Contributions to UIF, Medical and Pension Funds	-	177
Bonuses: 13th Cheque	-	6 628
Leave Pay	-	15 893
	-	143 892

The former director was employed permanently until 31 December 2021. From 1 January 2022 until 31 July 2022 he was appointed on a contract basis.

Remuneration of Director: Electrical Engineering Services (Current)

Annual Remuneration	1 161 258	979 064
Car Allowance	60 000	55 000
Performance Bonuses	187 468	-
Contributions to UIF, Medical and Pension Funds	237 195	210 219
Cellphone Allowance	42 800	35 864
	1 688 721	1 280 147

The current director's engagement date is 15 August 2022.

Remuneration of Director: Development Services

Annual Remuneration	1 328 389	1 252 020
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	357 305	335 437
Cellphone Allowance	42 800	40 800
Performance Bonuses	158 142	-
Leave Pay	-	66 685
	2 006 636	1 814 942

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
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36. Employee related costs (continued)

Remuneration of Director: Protection Services

Annual Remuneration	1 228 005	1 149 579
Car Allowance	228 000	228 000
Contributions to UIF, Medical and Pension Funds	333 204	315 985
Cellphone Allowance	42 800	40 800
Leave Pay	70 285	66 685
Bonuses: 13th Cheque	74 796	74 796
Performance Bonuses	158 142	-
	2 135 232	1 875 845

Aggregate remuneration to management

Annual Remuneration	9 470 563	8 780 678
Bonuses: 13th Cheque	74 796	81 424
Car Allowance	909 006	727 525
Cellphone Allowance	299 600	284 064
Contributions to UIF, Medical, Group Life and Pension Funds	2 403 853	2 233 150
Leave Pay	210 856	349 315
Performance Bonus	1 155 088	249 636
	14 523 762	12 705 792

37. Remuneration of councillors

Executive Mayor	843 046	773 056
Deputy Executive Mayor	731 967	680 671
Mayoral Committee Members	2 314 658	2 164 368
Speaker	519 333	473 609
Councillors	4 535 725	4 273 486
Councillors' - travelling allowances	810 603	810 603
Councillors' - cellular and telephone	1 121 691	993 600
Councillors' - pension contribution	924 738	901 326
Councillors' - medical aid contribution	203 014	154 284
	12 004 775	11 225 003

Events after reporting date

The Government Gazette setting the upper limits for the salaries, allowances, and benefits of municipal council members was published on 17 October 2024 (compared to 18 August 2023 in 2023). The notice stipulates that these limits take effect from 1 July. On 31 October 2024 (5 September 2023 in 2023), the council informed the MEC of its resolution on the upper limits, and the MEC formally acknowledged the resolution on 6 November 2024 (8 September 2023 in 2023). This acknowledgement resulted in back-pay for council members for the period ending 30 June. The table below can be used to review council remuneration as though the Government Gazette had been issued by 30 June.

Swartland Municipality

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Figures in Rand 2024 2023

37. Remuneration of councillors (continued)

The table below outlines the scenario if the Minister had published the upper limits before the year end..

	2024	2023
Executive Mayor	836 720	808 051
Deputy Executive Mayor	726 915	708 659
Mayoral Committee Members	2 300 000	2 254 559
Speaker	514 940	497 947
Councillors	4 492 184	4 445 907
Councillors' - travelling allowance	810 603	810 603
Councillors' - cellular allowance	1 061 799	1 053 492
Councillors' - pension allowance	915 633	938 916
Councillors' - medical aid contribution	203 014	154 284
	11 861 808	11 672 418

In-kind benefits

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.

38. Bulk purchases

Electricity - Eskom	340 331 780	289 451 395
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Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

Distribution losses are disclosed in Note 64.

Electricity is not a tangible commodity and therefore does not meet the requirements of GRAP 2 Inventory.

39. Contracted services

Outsourced Services

Alien Vegetation Control	66 999	72 000
Burial services	-	8 278
Business and financial management	209 954	233 004
Catering services	922 880	747 243
Cleaning Services	116 841	105 521
Clearing and Grass cutting services	44 604	31 500
Commissions and committees	34 200	14 760
Dumping site	6 989 455	7 781 923
Electrical	479 547	460 751
Hygiene services	83 435	82 307
Litter picking and street cleaning	6 418 099	5 892 495
Sewerage	1 364 625	666 432
Meter management	46 816	8 124
Mini dumping sites	143 659	225 205
Quality control	282 883	198 012
Professional staff	42 892	34 836
Refuse removal	1 928 932	1 708 751
Research and advisory	2 979 711	2 957 369
Security services	2 483 538	2 100 705
Stage and sound crew	14 700	12 400
Swimming supervision	45 023	35 100
Traffic fine management	4 931 126	3 221 163
Translators, scribes and editors	88 510	96 756
Transport services	384 559	302 050

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
39. Contracted services (continued)		
Consultants and Professional Services		
Business and advisory	144 000	138 000
Audit committee	60 120	81 660
Business and financial management	2 821 538	1 715 899
Civil engineering	1 911 510	1 998 460
Electrical engineering	1 160 678	740 339
Geodetic, control and surveys	335 815	265 540
Human resources	148 218	399 482
Laboratory services	163 113	179 282
Risk management	-	13 500
Town planner	1 110 114	855 574
Valuer and assessors	976 951	1 478 429
Contractors		
Artists and performers	4 974	4 613
Communications	-	31 840
Construction of Low Cost Housing	91 169	22 247 628
Employee wellness	27 130	59 683
Fire Protection	493 206	58 605
Forestry	395 679	366 708
Gardening Services	43 522	39 682
Graphic Designers	8 335	-
Harbour services	297 600	230 400
Legal costs	1 391 797	1 081 042
Maintenance of Assets	15 633 281	17 376 316
Maintenance of Buildings and Facilities	4 495 906	3 924 733
Maintenance of Equipment	6 394 875	6 065 285
Management of Informal Settlements	5 392	10 197
Medical Services	34 785	1 701
Organic and Building Refuse Removal	575 702	495 257
Pest control and fumigation	33 245	35 535
Qualification verification	19 971	15 988
Town Beautification	16 100	300
Traffic and Street Lights	108 961	102 154
Transportation for asset break-downs	1 950	9 108
	69 008 625	87 019 625
40. Depreciation and amortisation		
Property, plant and equipment	102 785 926	94 262 149
Investment property	394 173	231 783
Intangible assets	103 258	69 006
	103 283 357	94 562 938
41. Finance costs		
Unwinding of interest for provisions	5 438 504	5 475 006
Other financial liabilities	6 896 832	10 180 381
Late payment of tax	495 181	610 652
	12 830 517	16 266 039

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
42. Grants and subsidies paid		
Non-profit institution		
Bergrivier Canoe Marathon	30 000	30 000
Darling Wildflower Society	55 177	52 400
National Sea Rescue Institute	36 639	34 795
SPCA	343 062	325 795
Yzerfontein Conservancy	83 512	79 309
Museums		
Darling	94 770	90 000
Malmesbury	64 050	60 826
Oude Kerk	64 050	60 826
Wheat Industry	64 050	60 826
Tourism		
Swartland and Coastal Area	1 579 500	1 500 000
Social upliftment (refer * below)		
Darling Focus	51 392	48 805
Elkana Childcare	57 817	54 907
HUB R27	379	11 272
Huis van Heerde	113 437	107 727
Jo Dolphin	64 239	61 006
Multi-Purpose Centre: Moorreesburg	77 088	73 208
Night Shelter	32 121	30 504
Old Age Homes	1 502 908	1 378 905
Student Bursaries	384 613	160 000
Top Achievers Award: Grade 12	25 475	24 475
	4 724 279	4 245 586

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality does not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the SPCA.

The National Sea Rescue Institute (NSRI) is a non-profit organisation dedicated to the preservation of all persons at sea. Their members provide their services on a voluntary basis and the organisation is dependent on donations and sponsorship from the public. The NSRI operates a base from Yzerfontein providing a rescue service to the commercial and recreational fishing boats as well as bathers in the vicinity. Financial assistance by the Municipality is intended to enable the organisation to fund some of its operations as the Municipality cannot offer this essential service.

The Yzerfontein Urban Conservancy and Darling Wildflower Society came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein and Darling regions. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

Museums generally do not generate sufficient income from own resources, and are therefore dependent on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently regards it appropriate to contribute financially to this end.

A financial contribution was made by the municipality to support the Swartland Tourism structure/body in a bid to facilitate and market the region as a tourism destination adding to the local economy. Similarly, a contribution is made to the Bergrivier Canoe Marathon as the event promotes tourism in the area.

The aim of Social Upliftment (*) organisations entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
43. Operational cost		
Advertising, publicity and marketing	1 646 024	1 544 187
Assets less than the capitalisation threshold	276 714	244 309
Bank charges, facility and card fees	1 524 426	308 906
Bank charges, fleet card services	1 343 110	1 371 936
Cleaning services: Car valet and washing services	2 908	1 840
Cleaning services: Laundry services	1 045	1 331
Commission: Prepaid electricity	1 725 241	1 371 971
Commission: Third party vendors	511 957	541 780
Communication: Bulk message service	107 017	136 584
Communication: Cellular contract (Subscription and calls)	19 591	16 862
Communication: Licences (Radio and television)	21 189	2 725
Communication: Postage/stamps/franking machines	1 392 541	1 265 377
Communication: Telephone, fax, telegraph and telex	668 291	681 635
Community development and training	12 828	-
Deeds	58 838	44 851
Entertainment: Mayor	38 122	13 767
Entrance fees	56 143	56 192
External audit fees	3 187 459	3 000 991
External computer service	8 611 198	7 070 019
Full time union representative	136 188	136 672
Indigent relief	2 086 541	1 883 540
Insurance	4 494 465	4 584 421
Levies paid - Water resource management charges	9 610	5 524
Licences: Motor vehicle licence and registrations	850 723	711 076
Licences: Performing arts	55 366	52 232
Operating leases - Machinery, equipment and other	3 232 579	3 040 322
Other	33 500	2 419
Parking fees	84 375	86 676
Printing, publications and books	379 688	346 460
Professional bodies, membership and subscription	3 194 382	2 739 767
Registration fees	31 127	51 277
Remuneration to ward committees	402 475	444 291
Rendering of services	-	-
Resettlement cost	53 847	31 326
Servitudes and land surveys	76 713	275 794
Signage	120 005	119 599
Skills development fund levy	2 577 916	2 405 888
Travel and subsistence	520 867	498 471
Uniform and protective clothing	3 193 425	2 869 084
Vehicle tracking	233 021	230 967
	42 971 455	38 191 069
44. Other materials		
Consumables	6 076 362	5 555 075
Consumables: Zero rated	15 494 985	15 663 546
Inventory consumed: Water	27 262 076	29 083 571
Materials and supplies	4 486 480	5 476 144
	53 319 903	55 778 336

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
45. Reversal / (impairment) of assets and receivables		
Impairments		
Property, plant and equipment	(8 618 884)	(76 438)
Investment property	(625)	(5 460)
	(8 619 509)	(81 898)
Reversal of impairments		
Trade and other receivables	(10 371 467)	5 478 249
Total impairment losses recognised (reversed)	(18 990 976)	5 396 351

Refer to notes 11 and 12 for the impairment on Property, Plant and Equipment. Impairments are identified by comparing assets in their current condition to external sources (e.g. the valuation roll for land) and replacement costs. The impairments reflect the instances where the replacement cost for assets in a similar condition is lower than the carrying value at year-end.

Refer to notes 3 and 4 for the gross movements on Receivables from Exchange and Non-exchange. Impairment of debt arise due to, amongst other factors, the time value of money.

46. Loss on disposal of assets

Carrying value of Property, plant and equipment disposed	10 150 967	10 576 236
Carrying value of Investment properties disposed	347 418	335 701
Carrying value of Intangible assets disposed	1	-
Less disposals to Inventory (non-current to current assets)	(11 717)	(645 439)
	10 486 669	10 266 498

47. Cash generated from operations

Surplus	267 325 338	136 930 116
Adjustments for:		
Depreciation and amortisation	103 283 357	94 562 938
Loss on sale of property, plant and equipment	10 486 669	10 266 498
Gain on sale of assets and liabilities	(1 828 939)	(2 185 594)
Unwinding of interest on landfill site provision	5 438 504	5 475 006
Vesting of properties	(921 992)	(732 965)
Donated property, plant and equipment	(33 214 386)	(6 143 474)
Water losses	6 301 059	4 439 286
Impairment losses on non-current assets	8 619 509	81 897
Accrued Interest	(34 012 053)	(1 054 095)
Movement on employee benefit provision	587 788	(8 139 720)
Movement on provisions - litigation and claims	-	529 759
Changes in working capital:		
Inventories	(4 916 079)	(5 184 790)
Receivables from exchange transactions	(27 398 519)	2 697 681
Receivables from non-exchange transactions	954 592	(9 279 430)
Construction contracts and receivables	-	(3 964 150)
Payables from exchange transactions	(627 360)	4 181 574
VAT	(14 006 260)	5 592 374
Unspent conditional grants and receipts	20 711 997	6 071 992
Consumer deposits	1 813 857	1 396 203
Movement in operating leases	111 050	159 981
	308 708 132	235 701 087

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
47. Cash generated from operations (continued)		
Property, plant and equipment purchased		
Additions as per note (including transfers)	238 109 604	170 330 592
Non-cash transactions included in profit or loss (e.g. gains on vesting of properties and equipment)	(34 136 377)	(6 876 436)
Movement on accruals of Property, Plant and equipment	5 782 685	10 557 501
Non-cash movement in Provision for landfill sites (changes in market values)	269 658	(1 855 785)
	210 025 570	172 155 872
Payables from exchange transactions		
Movement on balance from the prior year	14 659 676	(14 653 593)
Payment of employee benefits	(8 358 380)	8 740 720
Unspent Grants repaid	108 749	(463 061)
Movement on accruals of Property, Plant and equipment	(5 782 685)	10 557 501
	627 360	4 181 567
Receivables from exchange transactions		
Movement on balance from the prior year	(61 381 799)	2 003 986
Public contributions received	(76 000)	(360 400)
Profit on sale of land (cost is netted against gain)	47 227	-
Accrued interest	34 012 053	1 054 095
	(27 398 519)	2 697 681
Receivables from non-exchange		
Movement on balance from the prior year	396 200	(10 179 430)
Unspent grants - transferred to debtors	558 392	900 000
	954 592	(9 279 430)
Inventories		
Movement on balance from the prior year	1 420 489	(1 390 943)
Water losses	(6 301 059)	(4 439 286)
Additions of land (non-cash)	(35 509)	645 439
	(4 916 079)	(5 184 790)
Unspent conditional grants and receipts		
Movement on balance from the prior year	21 133 539	6 148 531
Public contributions	76 000	360 400
Transferred to debtors	(558 392)	(900 000)
Unspent Grants repaid	60 850	463 061
	20 711 997	6 071 992
Movement on operating leases		
Movement on operating lease asset	-	142 818
Movement on operating lease liability	111 050	17 163
	111 050	159 981

Swartland Municipality

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Figures in Rand

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48. Budget differences

Material differences between budget and actual amounts

Explanation of material variances:

Revenue:

- 48.1 **Service charges - electricity revenue:** The suspension of loadshedding resulted in higher revenue than expected.
- 48.2 **Service charges - sanitation revenue:** The increased sewerage due to the expansion of commercial client is more than expected.
- 48.3 **Agency services:** Collections were lower than expected.
- 48.4 **Interest earned from receivables:** Recovery of debt was lower than expected.
- 48.5 **Rental from fixed Aseets:** A number of lease contracts were suspended that were expected to be renewed.
- 48.6 **Operational revenue (non-exchange):** Availability charges were lower than expected for the year.
- 48.7 **Gains:** Land sales were lower than expected.

Expenditure:

- 48.8 **Debt impairment:** The debt impairment was higher than expected as a reduction for traffic fine impairment was expected.
- 48.9 **Inventory consumed:** The municipality received a credit note of R5.7m for the water resulting in a budget surplus.
- 48.10 **Contracted services:** Various savings on the use of consultants.
- 48.11 **Operational costs:** Savings are due to projects that were moved to the next year.
- 48.12 **Irrecoverable debts written off:** The traffic fines write off was lower than expected.
- 48.13 **Losses on Disposal of Assets:** The carrying value of assets disposed due to replacement was lower than expected.
- 48.14 **Losses:** The water loss was lower than expected due to the credit note for the water.

Transfers and Subsidies Capital

- 48.15 **Transfers and Subsidies Capital - in-kind:** Given the ad-hoc nature of the line-item management could not forecast the amount.

Assets

- 48.16 **Cash:** The operational surplus was higher than expected.
- 48.17 **Trade Receivables from exchange transactions:** Better than expected electricity sales due to suspension of loadshedding.
- 48.18 **Current portion of non-current:** The lease liability was slightly more than expected.
- 48.19 **VAT:** Due to low creditors at year-end the VAT claimable was lower than expected.
- 48.20 **Other Current Assets:** The balance pertains to ad-hoc debtors which cannot be foreseen during the budget process.
- 48.21 **Intangible:** The depreciation charge for the year was lower than expected.
- 48.22 **Investment Property:** Due to the reclassification of assets.
- 48.23 **Heritage Assets:** Due to the reclassification of assets.

Liabilities:

- 48.24 **Borrowing:** The municipality early settled a loan resulting in lower balance at year-end.
- 48.25 **Trade and other payables non-exchange:** Some grants were received after the adjustment budget which will only be accommodated for in the following budget.
- 48.26 **VAT:** Due to low creditors at year-end the VAT claimable was lower than expected.
- 48.27 **Provision:** Due to loss on employee benefits and SARS VAT provision.

Cash flow from investing activities

- 48.28 **Interest:** Due to the accrual of long-term investment interest budgeted for as a receipt.
- 48.29 **Proceeds on disposal of PPE:** Less cash was generated from the sale of land than expected.
- 48.30 **Increase (decrease) in non-current investments:** Due to the accrual of long-term investment interest budgeted for as a receipt.
- 48.31 **Increase (decrease) in consumer deposits:** Consumer deposits increased more than expected.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2024 2023

48. Budget differences (continued)

Differences between budget and actual amounts basis of preparation and presentation

The National Treasury Budget Prescripts classifies items differently from the prescripts of GRAP. Significant classifications are shown below. For example, the Current portion of non-current provisions is the Operating lease liability and the Other non-current liabilities refers to the Long Term: Post-Employment Health Care Benefit Liability (R 76 928 000) as disclosed under Note 18.

For ease of reference, the electricity charges were reconciled below. The same principle would apply for all service charges.

Statement of Financial Performance

Operational revenue (exchange)

Development charges	41 767 349
Operational revenue	17 329 201
Sale of goods and rendering of services	(14 571 306)
	<u>44 525 244</u>

Interest earned - outstanding debtors

Interest received	88 032 664
Outstanding debtors: Exchange receivables	(3 268 589)
	<u>84 764 075</u>

Transfers and subsidies

Government Grants & Subsidies	283 874 832
Construction contracts	79 520
Public contribution	1 178 090
Capital grants (refer Capital Transfers)	(113 470 176)
	<u>171 662 266</u>

Gains

Gains on sale of Fixed Assets	1 828 939
Gain on sale of land	211 625
Vesting of properties and equipment	921 991
	<u>2 962 555</u>

Employee related costs

Employee related costs	316 536 834
Workman's compensation (considered other expenditure by NT)	(1 771 536)
Actuarial gains and losses (considered losses by NT)	943 457
	<u>315 708 755</u>

Debt impairment

(Reversal)/impairment of assets and receivables	18 990 976
Impairment of assets	(8 619 509)
	<u>10 371 467</u>

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
48. Budget differences (continued)		
Depreciation & asset impairment		
Depreciation and amortisation	103 283 357	
Loss on disposal of assets (reallocated)	34 943	
Impairment of assets	8 619 509	
	111 937 809	
Inventory consumed		
Other materials	53 319 903	
Reclassification for GRAP	(2 408 121)	
	50 911 782	
Contracted services		
Contracted services	69 008 625	
Reclassification for GRAP	2 674 606	
	71 683 231	
Other expenditure		
Operational Costs	42 971 455	
Reclassification for GRAP	528 694	
Workmans compensation (considered other expenditure by NT)	1 771 536	
	45 271 685	
Losses		
Water losses	6 301 059	
Actuarial gains and losses (considered losses by NT)	(943 457)	
	5 357 602	
Other revenue		
Operational revenue	17 329 201	
Development charges	-	
	17 329 201	
Losses on Disposal of Assets		
Losses on Disposal of Assets	10 486 669	
Loss on disposal of assets (reallocated)	(34 943)	
	10 451 726	
Interest earned from receivables		
Outstanding debtors: Exchange receivables as per Note 25	3 268 589	
Interest - Availability charges as per Note 30	426 208	
	3 694 797	

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
48. Budget differences (continued)		
Statement of Financial Position		
Trade and other receivables from exchange transactions		
Receivables from exchange transactions	119 105 779	
Other Debtors included above (exchange)	(16 229 586)	
	102 876 193	
Trade payables from exchange transactions		
Payables from exchange transactions	88 832 666	
13th Cheque accrual (considered provision by NT)	(7 769 151)	
	81 063 515	
Provision (Current)		
Provisions	8 780 334	
Employee Benefits (Current portion)	6 605 000	
13th Cheque accrual (considered provision by NT)	7 769 151	
	23 154 485	
Provisions (Non-current)		
Provision for landfill sites	57 311 776	
Employee Benefits (Non-current portion)	12 747 000	
	70 058 776	
Investments		
Other financial assets	300 000 000	
Receivables from exchange transactions (non-current)	33 119 014	
	333 119 014	
VAT		
Balance as per AFS	23 036 992	
VAT payable per budget	9 429 792	
	32 466 784	

Changes from the approved budget to the final budget

Changes between the original and final adjustments budget are due to budget adjustments that are approved by council. Furthermore, for operational and capital expenditure, some virements were approved based on the municipal delegation of authority. No material budget or significant virements were noted.

The capital expenditure budget comparison is included in Note 58.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
49. Repairs and maintenance expenditure		
<u>Movable assets</u>	9 252 905	7 860 342
Furniture and Office Equipment	25 098	20 985
- Contracted Services	25 098	20 985
Machinery and Equipment	1 307 600	992 144
- Contracted Services	1 112 059	805 213
- Other materials	195 541	186 931
Transport Assets	7 686 497	6 623 908
- Contracted Services	7 686 497	6 623 908
Computer Equipment	233 710	223 305
- Contracted Services	182 552	159 839
- Operation cost	51 158	63 466
<u>Community Assets</u>	3 110 946	3 458 494
- Contracted Services	3 110 946	3 453 915
- Other materials	-	4 579
<u>Other Assets</u>	3 199 092	2 158 052
- Contracted Services	2 557 700	2 158 052
- Other materials	641 392	-
<u>Intangible Assets</u>	4 633 461	3 749 763
- Operation cost	4 633 461	3 749 763
<u>Infrastructure Assets</u>	46 968 982	47 907 755
Electrical Infrastructure	3 583 110	3 607 835
- Contracted Services	250 029	199 962
- Other materials	2 045 858	2 124 137
- Labour	1 287 223	1 283 736
Roads Infrastructure	6 108 028	9 656 841
- Contracted Services	6 108 028	9 656 841
Sanitation Infrastructure	5 491 495	4 411 841
- Contracted Services	5 491 495	4 411 841
Solid Waste Disposal Infrastructure	9 737 676	10 017 218
- Contracted Services	7 953 088	8 397 351
- Labour	1 770 815	1 606 665
- Operation cost	13 773	13 202
Storm Water Infrastructure	20 156 864	18 615 718
- Contracted Services	554 593	339 750
- Inventory Consumed	34 280	30 655
- Labour	18 611 227	17 428 152
- Other lease expenditure	355 991	307 945
- Operational costs	600 773	509 216
Water Supply Infrastructure	1 891 809	1 598 302
- Contracted Services	1 891 809	1 598 302
	67 165 386	65 134 406
50. Capital commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment - Infrastructure	231 186 631	46 876 912
• Property, plant and equipment - Other assets	11 588 393	14 270 352
	242 775 024	61 147 264
Total capital commitments		

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
50. Capital commitments (continued)		
Already contracted for but not provided for	242 775 024	61 147 264
Non-cancellable Operating Lease Commitments are disclosed in Note 8.		
Amounts are exclusive of VAT and the amount for infrastructure includes escalation cost.		
51. Contingencies		
Guarantees in favour of Eskom	70 900	70 900
Guarantees in favour of South African Post Office Limited	200 000	200 000
	270 900	270 900
Paulus Smit N.O. and others	1 283 000	1 283 000
VAT on library grant receipts	726 822	676 278
	2 009 822	1 959 278

Paulus Smit N.O. and others v Swartland Municipality: The case relates to a previous judgment by the High Court (Case No. 11127/2018) delivered on 23 August 2019. The applicant failed to erect the wall, and also to claim payment from the Municipality, but instead issued a summons in the High Court on 22 August 2022, following a notice given on 28 July 2022 i.t.o. section 3 of the Institution of Legal Proceedings against Certain Organs of State Act 4 of 2002 of further legal action contemplated herein, claiming payment by the Municipality of R1 283 000.

The municipality sought the expertise of a tax practitioner regarding the potential Value Added Tax consequences on the Provincial Administration of Western Cape's grant allocation for Libraries which is paid to the municipality. A technical interpretation of the Marshall NO and Others vs Commissioner for the South African Revenue Service (CCT208/17) resulted therein that the municipality could be delivering a service to the Provincial Administration. As such, there is a potential that SARS could expect the municipality to pay VAT over on the grant receipts to date. The municipality has requested a binding Ruling on the matter and has made use of the Voluntary Disclosure Program (VDP) to declare historic receipts.

Given formal communication from The Minister of Finance to the Provincial Minister of Finance, management is of the opinion that SARS would want the municipality to make payment of a deemed VAT on the receipts of the grant in lieu of services rendered to the public. SARS has verbally indicated that it will audit the transactions, resulting in a potential that penalties may be imposed despite the VDP process.

As such, the municipality has estimated that potential VAT penalties that could arise from such audit. A provision was recognised for the receipts with interest that is expected to be incurred and contingent liability has been disclosed for the penalties, both limited to receipts dating back five (5) years as this period is quoted in the Tax Administration Act.

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees are covered to a large extent by cash deposits recovered from the individual consumers of electricity within the municipal area.

A bank guarantee has been obtained from Standard Bank and issued to the SA Post Office which serves as security in respect of the payment for the monthly delivery of the municipal accounts.

Contingent asset

Swartland Municipality vs The National Energy Regulator of South Africa: Application in the high court of South Africa (Gauteng Division) for the judicial review of 2023/24 tariff approvals by the electricity regulator.

The municipality is also involved in various individual building & land use matters, eviction applications, etc.

52. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	38 813 954	90 850 978
Used to finance property, plant and equipment	(38 813 954)	(90 850 978)

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
52. Utilisation of Long-term liabilities reconciliation (continued)		
Short-term portion of long-term liabilities	5 455 716	8 761 333
	5 455 716	8 761 333

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act (Act 56 of 2003). Sufficient cash is available for the annual repayment of capital and interest until the redemption date.

53. Non-cash investing and financing activities

The Municipality was engaged in exchange transactions of non-monetary assets during the year. Various municipal properties were exchanged for similar assets acquired from the registered owners.

54. In-kind donations and assistance

The municipality received services in-kind under voluntary or non-voluntary schemes which included free training, workshops and technical assistance from government departments and entities. These services in-kind have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives and are not measurable.

55. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report
Other spheres of government and municipalities	
Councillors	Refer to general information
Members of key management	Refer to note 36

Municipal services rendered to related parties

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

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for the provision for doubtful debts in respect of the amounts owed by related parties.

Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

No councillor was in arrears for more than 90 days.

Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

Purchases from Related Parties

No purchases were made from related parties that are considered to not be at arms-length. In terms of the municipal accounting policy, transactions and balances that are at arms-length will not be separately disclosed.

The water service concession arrangement would not have been entered into with any party other than a related party. The details of the water service concession arrangement are included in Note 60.

Compensation of key personnel

The compensation of key management personnel is set out in Notes 36 and 37.

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56. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	19 758	470 471 553	470 491 311
Receivables from exchange transactions	-	148 141 897	148 141 897
Receivables from non-exchange transactions	-	2 735 076	2 735 076
Other Financial Assets	-	300 000 000	300 000 000
	19 758	921 348 526	921 368 284

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	59 174 294	59 174 294
Consumer deposits	19 659 688	-	19 659 688
Unspent conditional grants and receipts	-	30 493 915	30 493 915
Other financial liabilities	-	38 813 953	38 813 953
	19 659 688	128 482 162	148 141 850

2023

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	16 924	721 999 911	722 016 835
Receivables from exchange transactions	-	87 080 556	87 080 556
Receivables from non-exchange transactions	-	2 482 341	2 482 341
	16 924	811 562 808	811 579 732

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	76 110 961	76 110 961
Consumer deposits	17 845 831	-	17 845 831
Unspent conditional grants and receipts	-	9 360 376	9 360 376
Other financial liabilities	-	90 850 978	90 850 978
Construction contracts	-	79 520	79 520
	17 845 831	176 401 835	194 247 666

57. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks. The main categories of risk that the municipality is exposed to is credit risk (pertaining to debtors), interest rate risks for investments and liquidity risk as it pertains to the long-term cashflow of the municipality.

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57. Risk management (continued)

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

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

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's Performance Risk and Audit Committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed below.

Consumer Deposits (*) are disclosed at the value that could be repayable in the following year. It is unlikely that the full balance would become payable as consumer accounts are expected to remain similar year to year. By implication, if the consumer deposit is paid, a similar receipt from a different customer would be expected. The balance is however disclosed in order to indicate a conservative liquidity risk.

Previously, the Other financial liabilities' maturity analysis was disclosed inclusive of interest payable. Upon reconsideration, it was thought more prudent to disclose only the capital portion due as this balance affects the liquidity as at 30 June 2024. The balance at year end is therefore comparable to the maturity analysis. Only the capital is due as at year end, while interest only accrues in the future (future costs not taken into account).

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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57. Risk management (continued)

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	59 174 294	-	-	-
Consumer deposits	19 659 688	-	-	-
Unspent conditional grants and receipts	30 493 915	-	-	-
Other financial liabilities	9 349 099	9 349 099	25 548 731	8 703 937

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	76 110 961	-	-	-
Consumer deposits	17 845 831	-	-	-
Unspent conditional grants and receipts	9 360 376	-	-	-
Other financial liabilities	8 761 333	9 452 366	34 967 679	37 669 600
Construction contracts	79 520	-	-	-

Credit risk

Credit risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities. Maximum exposure to credit risk is not covered by collateral unless otherwise specified. Each class of financial instrument is disclosed separately.

Potential concentrations of credit risk consist mainly of fixed deposit investments, finance lease debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

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

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality exposure to the credit risk is wide-spread, but a single significant debtor, Sasko (Pty) Ltd can be noted as disclosed in Note 3.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Cash and cash equivalents	470 471 553	721 999 911
Receivables from exchange transactions	115 022 884	87 080 556
Receivables from non-exchange transactions	24 694 947	23 302 441
Other Financial Assets	333 119 014	-

The municipality is exposed to a number of guarantees issued in favour of the creditors of the municipality. Refer to note 51 for additional details.

The gross balance from receivables has been grouped into risk groupings (Group 1-3). Group 1 are those debtors with a high certainty of timely payment. Risk of non-payment is considered to be low as these receivables maintained a payment rate of more than 70 %. Group 2 are those debtors with a reasonable certainty of timely payment. The risk of non-payment is considered to be moderate as these receivables maintained a payment rate of 50 - 70 % during the year. Group 3 are those debtors for which the risk factors of non-payment are larger as these receivables had a payment rate of below 50 % during the year.

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57. Risk management (continued)

Grouping include property rates debtors (Statutory Receivables) due to council's policy to allocate payments on a hierarchical basis which includes property rates. The debtor as a whole is only presented fairly by including the property rates balances in the grouping as per the table below.

Gross balances of receivables from exchange transactions	2024	2023
Group 1	70 901 176	57 516 745
Group 2	2 113 360	1 476 496
Group 3	39 162 354	34 836 109
	112 176 890	93 829 350

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, finance lease debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

At 30 June 2024, if interest rates on Rand-denominated borrowings and investments had been 2% higher (200 basis points) with all other variables held constant, surplus for the year would have been R 16 738 921 (2023: R 14 384 099) higher, mainly as a result of higher interest income.

58. Segment information

General information

The municipal management accounts that are used to review the performance of the municipality are based on National Treasury's Budget schedules as published in the Municipal Budget Reporting Regulations. The management accounts therefore comprise the actual consolidated GRAP results which are presented two different segmental reports: 1) MSCOA's Function Segment and the Municipal Standard Classification (Votes 1-8). Monthly management accounts are however only reviewed for purposes of measuring performance in terms of the municipal organogram (Municipal Votes). Therefore only this report has been presented. The monthly municipal management accounts are available on the municipal website. Details of each municipal service has been reported in the annual performance report.

All figures reported in the management accounts are based on the measurement principles of GRAP. Interdepartmental transactions are already eliminated in the published figures order to present the GRAP accounting to management when reviewing performance.

Management does not review segmented profit or loss as segments are reviewed based on the budget expectations for revenue and expenditure rather than the overall net-profit result. As segmented profit is not reviewed, this has not been presented. For the segment report, only total revenue and total expenditure is reviewed. The detailed breakdown of revenue and expenditure per AFS classification is not reviewed on a segment report level in the monthly management meetings. The detailed analysis is reviewed by each individual manager, but these detailed results are not presented as part of the senior management discussions.

Management does not review restated financial performance or capital expenditure. As such the comparative figures were not updated for the restatements of the prior year.

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58. Segment information (continued)

Segment surplus or deficit, assets

2024

	Actual	Final Budget	Budget Variance
Revenue			
Vote 1 - Corporate Services	15 130 417	14 795 120	335 297
Vote 2 - Civil Services	323 767 239	321 785 060	1 982 179
Vote 3 - Council	153 529	335 379	(181 850)
Vote 4 - Electricity Services	498 222 211	448 934 804	49 287 407
Vote 5 - Financial Services	331 233 583	333 603 522	(2 369 939)
Vote 6 - Development Services	64 426 390	70 359 053	(5 932 663)
Vote 7 - Municipal Manager	-	418 031	(418 031)
Vote 8 - Protection services	59 887 228	62 191 744	(2 304 516)
Total segment revenue	1 292 820 597	1 252 422 713	40 397 884
Entity's revenue			40 397 884
Expenditure			
Vote 1 - Corporate Services	43 205 466	45 147 086	(1 941 620)
Vote 2 - Civil Services	355 063 552	369 881 687	(14 818 135)
Vote 3 - Council	21 803 265	23 634 003	(1 830 738)
Vote 4 - Electricity Services	392 324 871	397 583 965	(5 259 094)
Vote 5 - Financial Services	63 357 834	79 737 269	(16 379 435)
Vote 6 - Development Services	30 997 007	32 995 494	(1 998 487)
Vote 7 - Municipal Manager	8 464 860	9 967 660	(1 502 800)
Vote 8 - Protection Services	110 278 402	112 405 042	(2 126 640)
Total segment expenditure	1 025 495 257	1 071 352 206	(45 856 949)
Total segmental surplus/(deficit)	267 325 340	181 070 507	86 254 833

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	Actual	Final Budget	Budget Variance
58. Segment information (continued)			
Assets			
Vote 1 - Corporate Services	237 386	165 813	71 573
Vote 2 - Civil Services	108 415 097	116 764 942	(8 349 845)
Vote 3 - Council	11 061	12 000	(939)
Vote 4 - Electricity Services	67 419 582	63 808 632	3 610 950
Vote 5 - Financial Services	3 219 840	2 538 856	680 984
Vote 6 - Development Services	55 743 129	62 290 745	(6 547 616)
Vote 7 - Municipal Manager	20 631	20 632	(1)
Vote 8 - Protection Services	3 042 878	3 088 299	(45 421)
Total Capital Expenditure	238 109 604	248 689 919	(10 580 315)
Total assets as per Statement of financial Position			(10 580 315)

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58. Segment information (continued)

2023

	Actual	Final Budget	Budget Variance
Revenue			
Vote 1 - Corporate Services	13 416 327	12 798 595	617 732
Vote 2 - Civil Services	293 035 429	298 253 544	(5 218 115)
Vote 3 - Council	103 327	299 425	(196 098)
Vote 4 - Electricity Services	393 023 473	410 288 864	(17 265 391)
Vote 5 - Financial Services	287 844 206	278 834 788	9 009 418
Vote 6 - Development Services	31 971 405	47 587 169	(15 615 764)
Vote 7 - Municipal Manager	-	418 000	(418 000)
Vote 8 - Protection Services	53 349 066	49 537 194	3 811 872
Total segment revenue	1 072 743 233	1 098 017 579	(25 274 346)
Entity's revenue			(25 274 346)
Expenditure			
Vote 1 - Corporate Services	37 799 564	41 200 514	(3 400 950)
Vote 2 - Civil Services	325 327 523	356 613 686	(31 286 163)
Vote 3 - Council	18 881 370	19 502 019	(620 649)
Vote 4 - Electricity Services	342 784 143	371 902 840	(29 118 697)
Vote 5 - Financial Services	52 095 308	67 142 502	(15 047 194)
Vote 6 - Development Services	50 629 443	64 578 736	(13 949 293)
Vote 7 - Municipal Manager	7 573 005	10 753 501	(3 180 496)
Vote 8 - Protection Services	99 440 829	93 882 193	5 558 636
Total segment expenditure	934 531 185	1 025 575 991	(91 044 806)
Total segmental surplus/(deficit)	138 212 048	72 441 588	65 770 460

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	Actual	Final Budget	Budget Variance
58. Segment information (continued)			
Assets			
Vote 1 - Corporate Services	595 547	594 671	876
Vote 2 - Civil Services	107 124 266	116 195 463	(9 071 197)
Vote 3 - Council	663 869	663 869	-
Vote 4 - Electricity Services	48 605 561	49 576 775	(971 214)
Vote 5 - Financial Services	665 314	314 293	351 021
Vote 6 - Development Services	6 934 611	7 435 113	(500 502)
Vote 7 - Municipal Manager	12 135	12 135	-
Vote 8 - Protection Services	4 045 233	4 047 485	(2 252)
Reconciling items			
Landfill site (movement on provision)	1 855 785	-	-
Total capital expenditure	170 502 321	178 839 804	(10 193 268)
Total additions as per Statement of Financial Position			(10 193 268)

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59. Accounting by principals and agents

The entity is a party to principal-agent arrangements.

Details of the arrangements are as follows:

Licensing fees collected on behalf of the Provincial Department

The municipality collects licensing fees on behalf of the Provincial Department of Transport and Public Works. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end are included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

The municipality does not incur any additional expenses on behalf of the Provincial Department as the collection of fees are within the normal operations of the municipality. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the department as part of its existing service offering at the traffic department and municipal cashier collection points. No resources are held on behalf of the Provincial Department (other than the receipts). Monies are paid to the department every 5 days (or first business day thereafter).

Other Arrangements

The municipality has entered into arrangements with service providers where they provide services to the public on behalf of the municipality. The nature of these arrangements was assessed and since the municipality collects all revenues in full, the transactions are not considered to be those within the scope of GRAP 109. The types of arrangements considered for this purpose are:

- Traffic fines are issued on our behalf by a service provider. Some collections are also collected via their service level agreements with e-payment service providers.
- Various prepaid electricity vendors sell electricity on our behalf. The software used results in all transactions being recorded in our sub-system. We collect the cash receipts from the vendors daily. Prepaid vendors earn commission on the value of each transaction with a maximum limit in place.

For conditional grant receipts, kindly refer to Note 31.

Commission to Prepaid vendors and expenditure relating to services rendered by the traffic services vendor are disclosed in Note 39.

No other resources are held by these vendors on behalf of the municipality. As no resources are held, except the daily cash-ups, no significant risks have been transferred to these vendors.

Entity as agent

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories

Licensing fees

Additional details

The municipality receives a commission on collection of Licensing Fees on behalf of the Provincial Department of Transport and Public Works. The municipality accounts for its portion as Income from Agency Services and the net amount due to the Provincial Department is transferred to such department.

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Swartland Municipality

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59. Accounting by principals and agents (continued)		
Reconciliation of the carrying amount of payables		
Motor Vehicle Licenses		
Revenue that principal is entitled to	47 773 560	43 296 577
Cash repaid to the principal	(42 424 477)	(37 785 098)
Income from agency service	(5 348 435)	(5 511 479)
	648	-

The amount due to the Department is included under Payables from Exchange Transactions (Other payables).

60. Service Concession Arrangements

In terms of the Municipal Systems Act, Bulk Water service falls under the domain of the District Municipality which would mean that these assets would fall under West Coast District Municipality, however authority was given by way of a Government Gazette notice whereby the Local Municipalities of Bergrivier, Swartland and Saldanha Bay were given Water Service Authority Status with the responsibility for the provision of the Bulk Water Function.

This effectively meant that this function was taken over from the District Municipality. At this stage the assets should in effect have been transferred to the Local Municipalities.

In terms of the Section 78 Study dated August 2005 a decision was made to maintain the status quo, whereby West Coast District Municipality would continue to operate the water function on behalf of the three local municipalities (Swartland, Saldanha bay and Bergrivier), the agreement was for a period of 10 years and the function ultimately remains that of the Local Municipalities. Currently the agreement is cancellable by either of the parties, but it is unlikely that the agreement would be terminated in the foreseeable future. No changes to the arrangement were made during the current or previous financial periods, but minor administrative matters are constantly being addressed (e.g. procurement strategies). No breaches by either of the parties have been identified to date.

In return for operating the Bulk Water service function the District received compensation as follows:

- Monthly Tariff Fee
- Administrative fee equal to 5% of the operating costs

The Local Municipalities are thus in control of the Bulk Water assets, and as a result these assets are, measured and disclosed in our financial records.

The effect of the service concession arrangement in the financial statements of the municipality can be summarised as follows:

Property, plant and equipment		
Infrastructure (Water)	88 693 038	91 893 970
Borrowings		
Expenditure relating to service concession arrangement		
Depreciation	3 200 932	3 192 977
Loss on disposal of assets	-	36 061
Finance charges	-	25 886
Total water purchased from District	33 540 669	33 612 592
- Purchased at agreed rate	39 119 956	33 519 410
- Adjusted for distribution (gains)/losses	(5 579 287)	93 182

No revenue is receivable by the municipality in terms of the arrangement. The municipality's water purchases are generated through this arrangement.

The loans are registered in the name of West Coast District Municipality, but have been entered into solely to finance the purchase or upgrade of the service concession assets. For this purpose, the loans have been apportioned to each municipality within the district in relation to the approximate value of the infrastructure assets purchased by the operator (West Coast District Municipality).

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60. Service Concession Arrangements (continued)		
Service Concession Assets		
Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. The carrying values of these assets are disclosed below:		
Infrastructure: Water	88 693 038	91 893 970
Reconciliation of Carrying Amounts of Service Concession Assets		
Opening Balance (Carrying Value)	91 893 970	95 053 032
Additions	-	69 976
Depreciation	(3 200 932)	(3 192 977)
Disposal of assets	-	(36 061)
Total Carrying Amounts of Service Concession Assets	88 693 038	91 893 970

61. Multi-employer retirement benefit information

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Local Authority Retirement Fund, The Consolidated Retirement Fund for Local Government, The National Municipal and Related Services Employee Retirement Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The rate of contributions is provided below under each fund.

Each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality in respect of the defined contribution plans is to make the specified contributions.

LOCAL AUTHORITY RETIREMENT FUND

The Local Authority Retirement Fund operates as a defined contribution scheme.

The defined contribution scheme is a multi-employer plan and the contribution rate payable is 9,00% by the members and 18,00% by Council. The last valuations performed for the year ended 30 June 2023 (30 June 2022) had an overall funding level of 106.9% (2022: 111.6%) and is in a sound financial position. The next actuarial valuation will be as at 30 June 2024.

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61. Multi-employer retirement benefit information (continued)

CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

The contribution rate paid by the members (9,00% by employees, 7,50% by section 57 employees and 12,00% by councillors) and by Council (18,00% for employees, 19,50% for section 57 employees and 15,00 % for councillors) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2023 (30 June 2022) revealed that the fund had a funding level of 120.6% (131.6%). Certified to be of a sound financial position as at 30 June 2023.

MUNICIPAL WORKERS RETIREMENT FUND

The contribution rate payable is 7,50% by the members 18% by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2020 (30 June 2019) certified that the fund is in a sound financial state. The funding level was 100,00% at valuating date (2019: 100,00%).

NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a Defined Contribution Fund and the contribution rate paid by the members is 9,00% and 7,50% by section 57 employees and that of council 18,00% and 19,50% respectively. The latest statutory valuation was done on 30 June 2023. As at 30 June 2023 the results state that the funding level was 100,00% (2022: 100%).

Employers do not have any liability for any fund's performances or deficits. None of the above mentioned plans are state plans.

Swartland Municipality

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62. Restatement of prior year

Presented below are those items contained in the statement of financial performance that have been affected by prior-year adjustments:

No restatements were made to the Statement of Financial Position.

Statement of financial position

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets		879 602 153	-	-	879 602 153
Cash and cash equivalents		722 016 835	-	-	722 016 835
Receivables from exchange transactions		87 080 558	-	3 762 438	90 842 996
Receivables from non-exchange transactions		38 450 917	-	(3 762 438)	34 688 479
Inventories		23 023 111	-	-	23 023 111
VAT receivable		9 030 732	-	-	9 030 732
Non-Current Assets		2 234 437 195	6 603 664	-	2 241 040 859
Property, plant and equipment		2 211 648 413	4 101 525	-	2 215 749 938
Investment property		20 836 982	2 502 139	-	23 339 121
Intangible assets		606 400	-	-	606 400
Heritage assets		1 345 400	-	-	1 345 400
Total Assets		3 114 039 348	6 603 664	-	3 120 643 012
Liabilities					
Current Liabilities		144 679 086	8 192 545	-	152 871 631
Operating lease liability		223 681	-	-	223 681
Payables from exchange transactions		103 492 343	-	-	103 492 343
Consumer deposits		17 845 831	-	-	17 845 831
Construction contracts payables		79 520	-	-	79 520
Unspent conditional grants and receipts		9 360 378	-	-	9 360 378
Other financial liabilities		8 761 333	-	-	8 761 333
Employee benefit obligation		4 916 000	-	-	4 916 000
Provisions		-	8 192 545	-	8 192 545
Non-Current Liabilities		223 550 521	-	-	223 550 521
Other financial liabilities		82 089 645	-	-	82 089 645
Employee benefit obligation		82 974 000	-	-	82 974 000
Provisions		58 486 876	-	-	58 486 876
Total Liabilities		368 229 607	8 192 545	-	376 422 152
Reserves		2 745 809 741	(1 588 881)	-	2 744 220 860
Reserves		259 260 281	-	-	259 260 281
Accumulated surplus		2 486 549 460	(1 588 881)	-	2 484 960 579
Total Net Assets		2 745 809 741	(1 588 881)	-	2 744 220 860

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62. Restatement of prior year (continued)				
Statement of financial performance				
2023				
	Note	As previously reported	Correction of error	Restated
Revenue				
Revenue from exchange transactions			-	
Service charges		523 090 767	-	523 090 767
Agency services		5 511 479	-	5 511 479
Construction contracts		17 729 913	-	17 729 913
Interest received		61 748 083	-	61 748 083
Operational revenue		15 130 524	-	15 130 524
Rental of facilities and equipment		1 589 981	-	1 589 981
Development charges		1 706 706	-	1 706 706
Total revenue from exchange transactions		626 507 453	-	626 507 453
Revenue from non-exchange transactions				
Taxation revenue			-	
Property rates		152 116 870	-	152 116 870
Interest received on rates receivables		1 239 369	-	1 239 369
Transfer revenue			-	
Government grants and subsidies		214 873 746	(289 107)	214 584 639
Donated property, plant and equipment		6 143 474	-	6 143 474
Fines, Penalties and Forfeits		34 692 160	-	34 692 160
Licences and permits (non-exchange)		5 087 529	-	5 087 529
Public contributions and donations		11 248 071	-	11 248 071
Vesting of properties and equipment		732 965	-	732 965
Availability charges		10 889 395	-	10 889 395
Total revenue from non-exchange transactions		437 023 579	(289 107)	436 734 472
Total revenue		1 063 531 032	(289 107)	1 063 241 925
Expenditure				
Employee related costs		286 378 168	-	286 378 168
Remuneration of councillors		11 225 003	-	11 225 003
Bad debts written off		43 096 415	-	43 096 415
Bulk purchases		289 451 395	-	289 451 395
Contracted services		87 019 625	-	87 019 625
Depreciation and amortisation		94 180 770	382 169	94 562 939
Finance costs		15 655 387	610 652	16 266 039
Grants and subsidies paid		4 245 586	-	4 245 586
Operational cost		38 191 069	-	38 191 069
Other materials		55 778 336	-	55 778 336
Total expenditure		925 221 754	992 821	926 214 575
Operating surplus		138 309 278	(1 281 928)	137 027 350
Gains on sale of fixed assets		2 185 594	-	2 185 594
Gains on sale of land		7 026 603	-	7 026 603
(Reversal) / impairment of assets and receivables		5 396 351	-	5 396 351
Inventory losses: Water losses		(4 439 286)	-	(4 439 286)
Loss on disposal of assets		(10 266 498)	-	(10 266 498)
Gains and (losses) for the year		(97 236)	-	(97 236)
Surplus for the year		138 212 042	(1 281 928)	136 930 114

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2023

62. Restatement of prior year (continued)

(a) Correction of Non-current assets

During the year under review, a data cleansing exercise on the asset register was conducted to confirm the asset register to the latest standards and norms as per the municipal asset management policy. During the review of the land and buildings some assets were discovered which was not previously included in the asset register. These were found to be historic donations (such as grass for a cricket field and a wheel-chair ramp at Yzerfontein beach).

Furthermore, during the current year unbundling evidence was obtained of projects that were completed in previous years, but for which the evidence was not obtained during the prior year's unbundling (for example the required as-built drawings were not available). Such resulted in a correction of the opening balance cost (donations) and depreciation.

Increase/(Decrease) in Property, Plant and Equipment

Closing Balance - previously stated	2 211 648 413
Opening balance cost restated due to data cleansing	3 626 365
Opening balance accumulated depreciation restated due to data cleansing	(2 222 320)
Opening balance cost restated during current year unbundling	723 598
Opening balance accumulated depreciation restated due to unbundling	(130 235)
Additions restated during current year unbundling	2 286 137
Depreciation restated due to data cleansing	(144 379)
Depreciation restated during current year unbundling	(37 641)
	2 215 749 938

Increase/(Decrease) in Investment Property

Closing Balance - previously stated	20 836 982
Opening balance cost restated due to data cleansing	14 391 512
Opening balance accumulated depreciation restated due to data cleansing	(11 689 224)
Depreciation restated due to data cleansing	(200 149)
	23 339 121

(b) Correction of error - provisions

Kindly refer to Note 51 for details on SARS VAT matter. A provision has been created based on formal correspondence from the Minister of Finance on the matter.

Increase/(Decrease) in provisions

Closing Balance - previously stated	58 486 876
Opening balance adjustment	7 292 786
Remeasure/Redemption adjustment	289 107
Interest due to passage of time adjustment	610 652
	66 679 421

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62. Restatement of prior year (continued)

(e) Adjustment of surplus for the year

The aforementioned adjustments resulted in adjustments to the accumulated surplus for the year as follows:

Statement of Financial Performance

Closing Balance - previously stated	2 486 549 460
Opening balance adjustment due to Fixed assets	6 985 833
Opening balance adjustment due to Provisions	(7 292 786)
Restated opening balance	2 486 242 507
Restated surplus for the year	(1 281 928)
	2 484 960 579

Statement of financial performance

Depreciation restated	(382 169)
Finance cost restated	(610 652)
Government grants and subsidies restated	(289 107)
	(1 281 928)

63. Comparative figures

Certain comparative figures have been reclassified as indicated in Notes 62. These reclassifications were made in order to ensure comparability (consistency) to the current and future periods.

64. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	3 240 371	3 070 399
Amount paid - current year	(3 240 371)	(3 070 399)
Balance unpaid (included in creditors)	-	-

Audit fees

Current year fee	3 665 578	3 451 139
Amount paid - current year	(3 665 578)	(3 451 139)
	-	-

VAT

VAT payments made	23 365 523	9 259 612
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VAT output payables and VAT input receivables are shown in note 9.

All VAT returns have been submitted by the due date throughout the year.

PAYE, UIF and SDL

Current year amounts due	51 151 451	46 384 424
Amount paid - current year	(51 151 451)	(46 384 424)
Balance unpaid (included in creditors)	-	-

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64. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Current year contributions due	78 994 435	72 681 635
Amount paid - current year	(78 994 435)	(72 675 635)
Balance unpaid (included in creditors)	-	6 000

Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrears with the settlement of their municipal accounts.

Deviations in terms of section 36 of the Municipal Supply Chain Regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents were reported to council.

Incident

Deviations above R30 000 due to Emergencies (occurrences: 23 (2023: 23))	2 677 606	2 632 493
Deviations above R30 000 due to Sole Supplier deviations (occurrences: 6 (2023: 3))	677 903	208 603
Deviations based on section 2(6) of Supply Chain Policy - Impractical to obtain quotes - special goods/services (occurrences: 79 (2023: 46))	6 098 509	1 858 089
Deviations based on section 2(6) of Supply Chain Policy - Impractical to obtain quotes for repairs and services to specialised equipment or vehicles (occurrences: 470 (2023: 469))	5 311 616	4 610 862
Deviations below R30 000 (occurrences: 398 (2023: 435))	3 252 173	3 809 840
	18 017 807	13 119 887

Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Immaterial Electricity and Water Losses were as follows and are not recoverable:

Technical electricity losses

Units purchased	181 968 411	178 364 118
Units sold	(171 735 306)	(168 951 523)
Technical electricity losses	10 233 105	9 412 595
	5,62%	5,28%

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing occurrence, with regular actions being taken against defaulters. Faulty meters are replaced as soon as it is reported.

Water distribution losses and non-revenue water

Kilolitres purchased	5 714 492	5 183 703
Kilolitres sold	(4 452 371)	(4 328 018)
Kilolitres Lost in distribution (kl)	1 262 121	855 685
Unbilled / Unmetered Water (kl)	(188 578)	(171 062)
Actual loss in units (kl)	1 073 543	684 623
Percentage loss	18,78%	13,21%

Water losses occur due to inter alia evaporation, leakages, the tampering of meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing occurrence, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as it is reported.

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64. Additional disclosure in terms of Municipal Finance Management Act (continued)

Disclosure of awards of more than R2 000 to a person who is a family member of a person in the service of the state in terms of section 45 of the Municipal Supply Chain Regulations:

Kindly note that certain previously disclosed names and amounts have been restated to reflect the correct information available to the municipality as at 30 June 2023.

Service Provider	Relation to Service Provider	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Value of Transaction 2024 R	Value of Transaction 2023 R
Neil Lyners and Associates (RF) (OCT Potgieter)	Daughter	Alicia Potgieter	City of Cape Town	Professional Officer	4 680 196	7 221 955
WJ Cotter Electrical (J Cotter)	Father in law	T van Essen	Swartland Municipality	Councillor	538 829	1 088 485
WJ Cotter Electrical (R Crawford)	Father in law	T van Essen	Swartland Municipality	Councillor		
Lumico (Pty) Ltd (D Malherbe)	Father in law	L Fourie	Swartland Municipality	Strategic management	-	20 700
Euraf Agencies CC (P Fourie)	Spouse	R Fourie	Department of Correctional Services	Financial Manager	171 820	277 730
Golden Rewards 1873 cc t/a Futasia Caterers (Suenelle De Jager)	Spouse	R De Jager	Department of Education	Teacher	270 460	264 682
Jonathan Wayne Lawrence t/a J Lawrence (J Lawrence)	Son	Bjorn	Swartland Municipality	General Worker	228 970	177 360
JPCE (J Minnie)	Spouse	J Minnie	City of Cape Town	Director	3 269 291	2 261 961
Conlog (L Moodley)	Spouse	N Moodley	Department of Health	Director	138 000	224 250
Zutari (Aurecon South Africa) (KP Nadasen)	Wife	K Nadasen	National Department of Public Works	Director: Key Account Management	3 419 448	4 100 046
Zutari (Aurecon South Africa) (RJ Ahlschlager)	Spouse	HC Ahlschlager	Special Investigating Unit	Legal Representative	-	-
Zutari (Aurecon South Africa) (I Gasant)	Sister	N Allie	City of Cape Town	Head of Security Architecture	-	-
Zutari (Aurecon South Africa) (I Gasant)	Sister	M Gasant			-	-
Zutari (Aurecon South Africa) (I Gasant)					-	-
Zutari (Aurecon South Africa) (E Marques)	Spouse	M Marques	Department of Internal Affairs	Director	-	-
Zutari (Aurecon South Africa) (J Ndala)	Spouse	TJ Ndala			-	-
Fonnies Enterprises (BA Adonis)	Sister	T Adonis	Statistics SA	Data Capturer	61 618	42 718
Fonnies Enterprises (Brent Angelo Adonis)	Brother	A Adonis	Metro EMS	Rescue Technician	-	-
Yolanda Petersen - Petersen Tuindienste (Y Petersen)	Spouse	R Petersen	Department of Correctional Services	Correctional Officer	226 920	152 000

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64. Additional disclosure in terms of Municipal Finance Management Act (continued)

Thembile Petrus Dapula t/a T P Dapula (TP Dapula)	Spouse	N Dapula	West Coast TVET College	Deputy Principal	66 950	83 030
Blackbird 49 - Koos Smit (K Smit)	Spouse	M Smit	Swartland Municipality	Clerk	26 700	60 500
Webber Wentzel (J Watson)	Mother	E Watson	Department of Public Service	Official	-	-
Webber Wentzel (J Smit)	Father	JCL Smit	Beaufort West Municipality	Director: Engineering Services	-	-
Webber Wentzel (G Truter)	Father	LC Truter	Newton Primary School	School Principal	-	-
Webber Wentzel (G Truter)	Mother	AM Truter	West Coast District Education	Chief Education Specialist	-	-
Webber Wentzel (T Thekiso)	Sister	N Ndebele	Melodi Primary School	School Principal	-	-
Webber Wentzel (M Mahlangu)	Mother	BT Mahlangu	Hloliswa Combined School	School Principal	-	-
Webber Wentzel (B Abraham)	Mother	J Abraham	Department of Education	Secretary	-	-
Webber Wentzel (S Dias)	Spouse	N Dias	City of Cape Town	Senior Legal Advisor	-	-
Webber Wentzel (K Nonyane)	Spouse	K Nonyane	Petro SA	Senior Planning Technician	-	-
Amandla GCF Construction (W Frazenburg)	Sister	U Frazenburg	National Government: Deeds Office Kimberley	Registrar of Deeds	29 660 419	10 374 243
Amandla GCF Construction (W Frazenburg)	Brother	E Frazenburg	Department of Education Western Cape	Teacher	-	-
Amandla GCF Construction (W Frazenburg)	Sister	J Frazenburg	Department of Education Western Cape	Teacher	-	-
Amandla GCF Construction (W Frazenburg)	Brother	B Frazenburg	City of Cape Town: Traffic	Municipal Prosecutor	-	-
Turner and Townsend (G Bulmer)	Wife	T Bulmer	Department of Health: Gauteng	Chief Physiotherapist	-	48 300
Turner and Townsend (E Harmse)	Step mother	N Harmse	Tswane University of Technology	Head of Department	-	-
Turner and Townsend (R Singh)	Sister	B Singh	Department of Health Kwazulu Natal	Sister	-	-
Turner and Townsend (C Barnard)	Wife	E Barnard	Telkom	Risk Manager	-	-
Turner and Townsend (V Naidoo)	Wife	P Naidoo	Helen Joseph Hospital	Doctor	-	-
Turner and Townsend (Y Naicker)	Mother	S Naicker	Department of Education: Kwazulu Natal	Head of Department	-	-

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64. Additional disclosure in terms of Municipal Finance Management Act (continued)

Turner and Townsend (K Pauw)	Brother	B Pauw	Department of Health: Western Cape	Community Service Medical Officer	-	-
Turner and Townsend (J van der Merwe)	Sister	M Wepener	Agricultural Research Council	Senior Veterinarian	-	-
Turner and Townsend (P Shezi)	Sister	I Shezi	SADF	Warrant Officer	-	-
Turner and Townsend (J Maphala)	Aunt	S Raphadu	SAPS	Forensic Analyst	-	-
Turner and Townsend (J Louw)	Wife	M Louw	Department of Education: Gauteng	Department Head	-	-
Turner and Townsend (N McMahon)	Sister	E Louw	Eskom	Contract Management	-	-
Actom (S Nel)	Daughter	I Nel	City of Cape Town	Principal Professional Officer	1 352 517	6 688 758
Actom (D Lubbe)	Spouse	T Lubbe	Department of Education		-	-
Cyote Fire Services (M Muller)	Spouse	B Muller	Department of Health	Nurse	-	9 695
MT Panelbeating (M Bocks)	Spouse	C Bocks	Department of Education	Teacher	-	16 840
Mubesko Africa (Pty) Ltd (B Saaiman)	Spouse	L Saaiman	Department of Education: Western Cape	Curriculum Advisor	-	1 867 068
Redhill Electronics (E Hartley)	Spouse	L Hartley	Department of Education	Teacher	-	34 105
Landis & Gyr (C Ngcukana)	Spouse	C Ngcukana	Department of Education		-	152 279
Landis & Gyr (C Ngcukana)	Brother	V Ngcukana	City of Cape Town		-	-
Landis & Gyr (C Dingaen)	Sister	P Nquomo	Umhlanga Municipality		-	-
Swartland and West Coast Trading (Pty) Ltd (L Marcus)	Spouse	H Marcus	Department of Labour	Supervisor	160 686	71 024
Swartland and West Coast Trading (Pty) Ltd (L Marcus)	Child	K Dietrich	Department of Health	Finance Clerk	-	-
IX Engineers (M Mashegana)	Spouse	R Mashegana	Department of Health	Nurse	689 242	477 393
Mainstruct Project (E Isaacs)	Spouse	E Benjamin	Groote Schuur Hospital	Psychologist	-	306 637
IQ Vision (J Meyer)	Daughter	MD Meyer	Department of Health	Doctor	6 401 006	1 821 364
Johan Bester Ingenieurswerke (A Jordaan)	Spouse	M Jordaan	SAPS	Clerk	967 231	828 612
Adapt IT (M Mbambo)	Spouse	MS Mbambo	SANRAL	Ops Maintenance Manager	106 205	106 570
GIBB (N Phizda)	Brother	FF Phizda	Gauteng Provincial Government	IT	-	23 000
GIBB (N Phizda)	Brother	R Phizda	Emfulweni Municipality	Horticulture	-	-
GIBB (N Phizda)	Sister	T Phizda	Eskom Rotek Industries	Engineering Technician	-	-

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64. Additional disclosure in terms of Municipal Finance Management Act (continued)

Innovative Transport Solutions (L Pretorius)	Son	D Pretorius	CSIR	Engineer	199 645	264 417
Innovative Transport Solutions (C Krogscheepers)	Daughter	M van der Merwe	City of Cape Town	Doctor	-	-
Innovative Transport Solutions (O Rebeiro)	Spouse	N Khena	PRASA	Chief Operating Officer	-	-
Bubbles Household Chemicals (C Pieters)	Spouse	JR Pieters	Swartland Municipality	Chief Engineering Technician	537 116	414 345
Mindspring Computing (R Hendricks)	Spouse	B Hendricks	City of Cape Town	Electrician	-	59 413
Indecon (Pty) Ltd (T Barnard)	Spouse	L Barnard	Department of Education	Teacher	195 326	113 729
Cigicell (Pty) Ltd (M Nyawane)	Spouse	T Nyawane	Department of Education	Deputy Principal	-	379 258
Ian Dickie & Co (Pty) Ltd (M Samuels)	Spouse	D Samuels	SAPS	Warrant Officer	135 677	16 216
JVZ Construction (M Matthee)	Spouse	R Matthee	Correctional Services	Security Guard	30 492	704 766
Siphakame Skills Development (N Vacu)	Spouse	NS Vacu	Drakenstein Municipality	Economic Growth Officer	404 628	839 040
Melloda Project Management (LE Daniels)	Spouse	MN Daniels	Swartland Municipality	Principal Clerk: Sundries and Housing	6 169	28 750
Motheo Construction (LT Mashau)	Brother	N Ndhlovu	Department of Statistics	Statistician	217 723	-
Motheo Construction (SJ Matlhasi)	Sister	B Mantlhasi	North West Department of Cooperative Governance and Traditional Affairs	PA - HR Manager	-	-
Motheo Construction (U Langa)	Mother	DM Langa	Department of Education	Senior Educational Specialist	-	-
Motheo Construction (RC Diphoko)	Father	KE Monareng	SANDF	Warrant Officer	-	-
Motheo Construction (RC Diphoko)	Spouse	M Diphoko	Transnet	Senior Construction Manager	-	-
Motheo Construction (R Madi)	Father	M Madi	Tholomela Municipality	Environmental Manager	-	-
Motheo Construction (V Singh)	Spouse	R Singh	Department of Education	Teacher	-	-
Motheo Construction (FA Matsila)	Sister	N Matsila	National Prosecuting Authority	Senior Administrator officer	-	-
F Bocks Construction (F Bocks)	Spouse	S Bocks	Department of correctional services	Warden	3 164 141	-
Spill Tech (GZ Goosen)	Spouse	S Goosen	Transnet	Supply Chain Manager	13 455	-

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64. Additional disclosure in terms of Municipal Finance Management Act (continued)

Spill Tech (SA Ngema)	Spouse	T Ngema	SARS	Audit Manager	-	-
					57 340 880	41 621 239

65. Fruitless and wasteful expenditure

Due to the fiscal governance control environment of the municipality, paired with our commitment to pay creditors within 30-days from statement or invoice, no fruitless expenditure was incurred during the year.

66. Irregular expenditure

Add: Irregular Expenditure - current	1 606 612	-
Add: Irregular expenditure - prior period	12 263 605	435 563
Less: Amount written off - current	(522 691)	(435 563)
Closing balance	13 347 526	-

Current year irregular expenditure

During the prior year audit, management concurred with the auditor that some deviations listed as emergencies were in fact not due to emergencies, resulting in a breach of the municipal supply management policy. As such the expenditure was considered irregular. Following an investigation by the disciplinary committee, council wrote off the R506 377 pertaining to the prior year audit.

Furthermore, 7 other cases were investigated for current year expenditure where the requirements of the supply chain management was not followed. Each case was investigated and council wrote off the expenditure after due care was exercised (total of cases (R30 880)). One of these cases were only written off during August 2024 (R10 799).

Lastly, following guidance from National Treasury, all payments in lieu of grants in aid since the inception of the MFMA towards our local tourism offices was reconsidered to be in breach of the supply chain management regulations. Management acted in good faith given repealed legal requirements that stated that a local tourism office's revenue should comprise contributions from the local government. Following an investigation, Council wrote off the R13 336 728 in irregular expenditure during August 2024.

Prior year expenditure

The irregular expenditure - prior period for 2022/23 pertains to a contract that fell subject to the requirements of Local production and content requirements not included in advertisement and bid documents in the 2021-2022 year. The matter was only identified during the prior year audit. Given the municipal policies the matter was only considered for investigation in the 2022/23 financial year.

67. Unauthorised expenditure

Opening balance as previously reported	5 556 386	11 717 297
Opening balance as restated	5 556 386	11 717 297
Add: Expenditure identified - current	-	5 556 386
Less: Approved/condoned/authorised by council	(5 556 386)	(11 717 297)
Closing balance	-	5 556 386

Prior year Unauthorised Expenditure

The Department of Protection Services overspent by an amount of R 5 556 386 (2022: R Nil). The overspent amount is as a result of the traffic fines that appeared before the court to be issued for summons. Only the Department of Justice has through the local courts the authority to issue summons on a fine. However, due to the court rolls being full, the rolls were scrapped without due consideration (non-cash transaction). This resulted in a significant overspent for the department against bad debts. The over-spending could not reasonably have been foreseen at the time of the mid-year budget review as court processes fall outside of the ambit of control.

Swartland Municipality

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68. Events after the reporting date

Management would like to bring to the attention of the users that following copious rain, three dams burst their banks on 8 August, near the municipal border. Sadly, one of our towns, Riverlands, suffered severe flood damage. Support operations is still under way, as at 31st August, to the community of the affected area. Management is expecting to replace capital service delivery assets of approximately R13 500 000 (gross replacement value) and the disaster will have an impact on the municipal operational expenditure once additional funding has been secured to support the community.

Management would also like to highlight that the upper limits for council remuneration were published after the date of signature of the annual financial statements. For the financial impact, kindly refer to Note 37, which outlines the scenario if the Minister had published the upper limits before the year end.

69. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 2 712 124 967 (2023: R 2 484 960 582) and that the municipality's total assets exceed its liabilities.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

In assessing whether the going concern assumption is appropriate under the current economic climate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

70. BBBEE Performance

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

Swartland Municipality

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Appendix A: Schedule of External Loans

EXTERNAL LOANS	Redeemable	Balance at 2023/06/30	Received/ Transferred during the period	Interest capitalised during the period	Redeemed written off during the period	Balance 2024/06/30
LONG- TERM LOANS						
Development Bank	2028/12/29	20 981 060	-	9 400	3 065 163	17 925 297
Development Bank	2023/12/29	143 711	-	-	143 711	-
Development Bank	2031/12/31	46 938 006	-	-	46 938 006	-
Sanlam	2031/06/30	22 788 202	-	12 537	1 912 082	20 888 657
Total Long- Term Loans		90 850 978	-	21 937	52 058 962	38 813 953
TOTAL EXTERNAL LOANS		90 850 978	-	21 937	52 058 962	38 813 953

Swartland Municipality

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Appendix B: Analysis of Property, Plant and Equipment

Asset Type	Cost				Accumulated Depreciation and Impairment					Book Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening balance	Depreciation	Impairments	Disposals	Closing balance	
Heritage Assets	5 078 800	-	-	5 078 800	958 109	-	-	-	958 109	4 120 691
Intangible assets	4 661 707	-	(300)	4 661 407	4 055 307	103 258	-	(299)	4 158 266	503 141
Investment property	55 289 027	-	(347 418)	54 941 609	29 606 168	394 173	625	-	30 000 966	24 940 643
Property, plant and equipment	4 472 908 621	231 673 675	(32 047 348)	4 672 534 948	2 262 226 538	102 785 925	8 618 884	(21 896 380)	2 351 734 968	2 320 799 980
Land	96 235 849	830 000	(1 462 040)	95 603 809	8 834 651	-	5 567 850	-	14 402 501	81 201 308
Movable assets	140 798 348	17 843 943	(7 081 123)	151 561 168	66 746 412	8 691 424	-	(4 730 020)	70 707 816	80 853 353
Computer Equipment	17 165 114	1 319 378	(573 176)	17 911 316	11 144 941	1 671 774	-	(563 890)	12 252 825	5 658 490
Furniture and Office Equipment	10 156 534	1 737 397	(291 271)	11 602 660	7 679 213	659 700	-	(260 581)	8 078 331	3 524 329
Machinery and Equipment	36 351 393	2 895 646	(497 833)	38 749 207	20 013 128	2 540 038	-	(476 018)	22 077 148	16 672 059
Transport Assets	77 125 307	11 891 522	(5 718 843)	83 297 985	27 909 129	3 819 913	-	(3 429 531)	28 299 511	54 998 475
Infrastructure	3 830 714 318	178 544 515	(23 348 900)	3 985 909 933	1 925 935 126	85 055 234	(817 913)	(17 070 732)	1 993 101 715	1 992 808 218
Electrical infrastructure	675 659 262	69 732 070	(1 038 192)	744 353 140	311 458 207	14 876 186	-	(232 344)	326 102 049	418 251 091
Roads infrastructure	1 046 386 925	53 882 625	(12 312 588)	1 087 956 962	573 496 379	25 739 593	-	(8 880 377)	590 355 595	497 601 367
Sanitation infrastructure	877 944 679	13 223 672	(9 665 566)	881 502 786	386 305 953	19 914 161	(817 913)	(7 856 417)	397 545 784	483 957 001
Solid waste infrastructure	70 167 193	(4 515 724)	-	65 651 469	31 280 561	3 047 718	-	-	34 328 279	31 323 190
Storm-water infrastructure	232 439 609	17 198 286	-	249 637 895	113 711 922	4 703 867	-	-	118 415 790	131 222 105
Water supply infrastructure	928 116 650	29 023 585	(332 554)	956 807 681	509 682 102	16 773 708	-	(101 593)	526 354 217	430 453 463
Community assets	244 927 928	24 546 308	(155 284)	269 318 951	141 786 972	7 076 374	3 857 395	(95 628)	152 625 113	116 693 839
Other assets	160 232 178	9 908 910	-	170 141 087	118 923 378	1 962 894	11 552	-	120 897 824	49 243 264
	4 537 938 154	231 673 675	(32 395 066)	4 737 216 764	2 296 846 121	103 283 357	8 619 509	(21 896 679)	2 386 852 308	2 350 364 455

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Appendix C: Segmental Analysis of Assets

Department	Cost				Accumulated Depreciation and Impairment					Book Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening balance	Depreciation	Impairments	Disposals	Closing balance	
Administration Civil	1 173 182.55	143 965.89	(42 383.01)	1 274 765.43	604 271.01	84 118.88	37 267.78	(42 036.28)	683 621.39	591 144.04
Administration Corporate Servi	11 426 183.12	8 051.33	(265 453.61)	11 168 780.84	2 630 033.91	31 398.66	-	(264 460.59)	2 396 971.98	8 771 808.86
Administration Development Services	1 045 233.94	44 886.27	(5 139.89)	1 084 980.32	576 212.52	36 971.05	-	(5 103.83)	608 079.74	476 900.58
Administration Financial Services	7 528 474.99	2 508 719.15	(1 404 693.37)	8 632 500.77	5 814 732.82	493 834.04	-	(1 014 820.72)	5 293 746.14	3 338 754.63
Administration Municipal Manag	83 552.10	17 857.24	-	101 409.34	62 090.28	4 601.77	-	-	66 692.05	34 717.29
Administration Protection Services	36 630.40	-	(5 965.00)	30 665.40	20 194.35	4 233.69	-	(4 598.47)	19 829.57	10 835.83
Building Control	78 575.94	18 500.00	-	97 075.94	74 095.86	3 755.45	-	-	77 851.31	19 224.63
Caravan Park - Yzerfontein	2 238 142.11	558 592.71	(30 211.15)	2 766 523.67	466 685.78	87 599.94	-	(2 015.20)	552 270.52	2 214 253.15
Cemeteries	6 251 266.18	546 366.96	-	6 797 633.14	4 866 614.49	188 253.90	269 559.74	-	5 324 428.13	1 473 205.01
Civil Protection	-	-	-	-	-	-	-	-	-	-
Community Development	312 120.02	950 045.46	(628.50)	1 261 536.98	52 368.78	41 067.52	-	(627.26)	92 809.04	1 168 727.94
Council	1 207 222.14	58 810.87	-	1 266 033.01	334 207.54	129 926.99	17 274.02	-	481 408.55	784 624.46
Electricity Distribution	692 346 736.20	74 589 794.90	(1 219 487.00)	765 717 044.10	320 097 360.03	15 777 856.92	36 212.38	(411 348.44)	335 500 080.89	430 216 963.21
Fire Fighting	12 416 818.11	2 259 665.09	(545 986.62)	14 130 496.58	2 029 762.91	742 713.42	-	(268 588.52)	2 503 887.81	11 626 608.77
Grants and Subsidies General	-	-	-	-	-	-	-	-	-	-
Housing	52 805 675.72	5 984 442.65	(2 300.00)	58 787 818.37	8 042 364.56	1 093 554.37	535 137.80	(1 903.38)	9 669 153.35	49 118 665.02
Human Resources	52 710.31	2 315.25	(2 936.03)	52 089.53	40 388.94	3 497.96	-	(1 788.86)	42 098.04	9 991.49
Internal Audit	26 353.44	2 773.91	-	29 127.35	21 689.40	1 125.45	-	-	22 814.85	6 312.50
IT Services	17 681 153.27	1 967 302.24	(145 026.66)	19 503 428.85	11 008 661.27	1 787 815.19	-	(138 584.74)	12 657 891.72	6 845 537.13
Libraries	10 104 951.71	164 125.26	(46 723.34)	10 222 353.63	4 462 042.57	374 210.34	-	(45 444.63)	4 790 808.28	5 431 545.35
Licencing and Traffic Services	2 610 675.73	648 554.68	(28 088.91)	3 231 141.50	1 962 617.63	186 626.40	-	(26 638.66)	2 122 605.37	1 108 536.13
Multi Purpose Centres	262 138.10	-	-	262 138.10	156 092.91	17 391.72	-	-	173 484.63	88 653.47
Municipal Property	421 939 228.03	4 144 609.99	(2 169 875.22)	423 913 962.80	245 263 233.09	5 579 009.25	5 787 983.11	(306 962.15)	256 323 263.30	167 590 699.50
Occupational Health and Safety	85 686.56	-	(8 313.68)	77 372.88	65 311.51	3 814.95	-	(8 281.68)	60 844.78	16 528.10
Parks and Recreational Areas	13 989 377.09	2 281 884.66	(326 215.64)	15 945 046.11	6 384 050.38	858 918.08	90 182.44	(205 654.25)	7 127 496.65	8 817 549.46
Planning and Valuation	89 382.29	-	-	89 382.29	76 520.44	3 275.89	-	-	79 796.33	9 585.96
Policing and Law Enforcement	8 589 957.34	293 055.79	(372 180.42)	8 510 832.71	4 010 516.43	638 715.07	-	(241 584.15)	4 407 647.35	4 103 185.36
Refuse Removal	91 699 946.13	(3 164 958.88)	(2 052 521.00)	86 482 466.25	37 382 085.81	4 089 358.37	-	(1 196 786.12)	40 274 658.06	46 207 808.19
Sewerage	880 827 484.80	8 170 375.34	(9 838 604.10)	879 159 256.04	390 274 856.11	20 366 214.49	(817 913.09)	(7 978 894.78)	401 844 262.73	477 314 993.31
Sportgrounds	78 876 616.55	14 336 560.59	(75 582.56)	93 137 594.58	40 999 891.57	2 140 381.31	2 316 006.21	(62 528.51)	45 393 750.58	47 743 844.00
Streets and Stormwater	1 272 914 887.71	72 683 390.92	(12 746 975.77)	1 332 851 302.86	695 092 555.65	30 702 254.38	3 018.82	(9 156 915.76)	716 640 913.09	616 210 389.77
Supply Chain Management	56 335.35	3 946.61	-	60 281.96	31 354.19	6 383.51	-	-	37 737.70	22 544.26
Swimming Pools	716 222.37	7 322 250.00	-	8 038 472.37	15 604.26	1 931.67	-	-	17 535.93	8 020 936.44
Tourism	12 084.21	9 500.00	(450.00)	21 134.21	11 899.63	628.74	-	(449.09)	12 079.28	9 054.93
Town and Community Halls	18 386 714.74	170 510.83	-	18 557 225.57	1 533 250.16	766 895.42	344 779.86	-	2 644 925.44	15 912 300.13
Unspecified	-	-	-	-	-	-	-	-	-	-
Water Services	930 066 435.22	34 947 779.44	(1 059 324.62)	963 954 890.04	512 382 504.40	17 035 021.91	-	(510 662.48)	528 906 863.83	435 048 026.21
Grand Total	4 537 938 154.47	231 673 675.15	(32 395 066.10)	4 737 216 763.52	2 296 846 121.19	103 283 356.70	8 619 509.07	(21 896 678.55)	2 386 852 308.41	2 350 364 455.11

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Appendix D: Segmental Statement of Financial Performance

Refer note 58.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2024

Appendix E: Disclosure of Grants and Subsidies in terms of Section 123 of the MFMA, 56 of 2003

GRANT NAME	O/B	Receipts Q1	Receipts Q2	Receipts Q3	Receipts Q4	Expenditure Q1	Expenditure Q2	Expenditure Q3	Expenditure Q4	Unspent	Grants and subsidies delayed or withheld?	Reason	Compliant to DoRA
Community Development Workers Programme	(2 500.80)	(38 000.00)	2 500.80	-	-	689.68	-	-	35 999.65	(1 310.67)	No	N/a	Yes
CHIETA Grant	(138 558.65)	-	-	(101 250.00)	(1 091 520.00)	121 586.67	337 164.00	809 333.20	63 244.78	-	No	N/a	Yes
Emergency Fire Kits Funding	-	-	-	-	(284 100.00)	-	-	-	281 980.00	(2 120.00)	No	N/a	Yes
Expanded Public Works Programme	-	(458 000.00)	(823 000.00)	(549 000.00)	-	281 175.00	428 130.00	521 566.20	599 128.80	-	No	N/a	Yes
Fire Service Capacity Building Grant	-	(926 000.00)	-	-	-	-	-	-	926 000.00	-	No	N/a	Yes
Housing Projects: Darling (Capital)	-	-	(2 843 179.00)	(454 000.00)	-	-	981 928.68	6 214.44	1 861 855.92	(447 179.96)	No	N/a	Yes
Housing Project: Malmesbury De Hoop	-	-	(24 237 823.00)	(24 173 194.00)	-	-	3 485 917.76	4 935 695.96	39 626 024.32	(363 378.96)	No	N/a	Yes
Housing project: Moorreesburg (Capital)	-	900 000.00	(2 303 633.75)	(896 366.25)	(900 000.00)	-	1 275 376.33	-	1 924 623.67	-	No	N/a	Yes
Housing project: Silvertown (Capital)	-	-	-	(5 500 000.00)	-	-	-	-	-	(5 500 000.00)	No	N/a	Yes
Integrated National Electrification Programme	-	(6 500 000.00)	(8 158 000.00)	(9 000 000.00)	-	1 001 970.28	2 658 876.32	18 720 216.83	1 276 936.57	-	No	N/a	Yes
Comm Safety (K9 UNIT)	-	(3 305 000.00)	-	-	-	1 446 734.24	1 554 932.87	303 332.89	-	0.00	No	N/a	Yes
Comm Safety (K9 UNIT): Capital	-	(40 000.00)	-	-	-	-	-	-	40 000.00	-	No	N/a	Yes
Law Enforcement Reaction Unit	-	(5 509 000.00)	-	-	-	1 587 568.33	1 631 107.54	1 636 353.42	653 970.71	-	No	N/a	Yes
LG Emergency Mun Load-Shedding Relief Grant	(8 506 516.74)	-	-	-	-	-	1 805 909.71	1 258 257.06	5 442 349.97	-	No	N/a	Yes
LG Financial Management Grant	-	(1 550 000.00)	-	-	-	109 201.20	300 340.82	418 393.95	722 064.03	-	No	N/a	Yes
Library Service: Capital	-	-	(50 000.00)	-	-	4 719.93	4 050.45	-	41 229.62	-	No	N/a	Yes
Library Service: Operating	-	(3 972 000.00)	(3 920 000.00)	(4 362 000.00)	-	2 569 642.17	3 168 420.05	2 652 928.02	3 863 009.76	-	No	N/a	Yes
Municipal Accreditation and Capacity Building	(58 349.60)	(245 000.00)	58 349.99	-	-	51 953.73	51 953.73	51 953.73	49.33	(89 089.09)	No	N/a	Yes
Municipal Disaster Relief Grant	-	-	-	(350 000.00)	-	-	-	-	-	(350 000.00)	No	N/a	Yes
Mun Energy Resilience Grant	-	-	(680 000.00)	-	-	-	461 833.16	-	218 166.84	-	No	N/a	Yes
Municipal Infrastructure Grant	-	(12 900 000.00)	(6 808 000.00)	(3 347 000.00)	-	2 664 343.46	12 784 407.16	7 226 169.55	380 079.83	0.00	No	N/a	Yes
Maintenance of Main Road (Capital)	-	-	-	(500 000.00)	-	-	-	-	500 000.00	-	No	N/a	Yes
Maintenance of Main Road (Operating)	-	-	-	(170 000.00)	-	-	170 000.00	-	-	-	No	N/a	Yes
Municipal Service Delivery and Capacity Building Grant	-	-	-	(500 000.00)	-	-	-	-	500 000.00	-	No	N/a	Yes
Regional Socio-economic Project	-	-	(500 000.00)	-	-	-	-	500 000.00	-	-	No	N/a	Yes
Sport Development	-	-	(966 373.63)	-	-	-	575 000.00	133 257.43	258 116.20	-	No	N/a	Yes
SETA	-	(456 253.52)	(939 255.16)	(107 657.02)	966 552.67	-	1 111 924.38	(966 890.77)	391 579.42	-	No	N/a	Yes
WC FMCG (Internal Audit)	(418 031.00)	-	-	-	-	-	-	-	-	(418 031.00)	No	N/a	Yes
WC FMCG (Student Bursaries)	(161 420.00)	-	-	(100 000.00)	-	-	-	84 612.70	-	(176 807.30)	No	N/a	Yes