



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2023**



**LAINSBURG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Index**

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The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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**LAINGSBURG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**General Information**

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**MEMBERS OF COUNCIL AS AT 30 JUNE 2023**

<b>Executive Mayor</b>	A Kleinbooi
<b>Deputy Executive Mayor</b>	S Laban
<b>Speaker</b>	M Gouws
<b>Councillors</b>	J Botha
	A Theron
	L Potgieter
	J Pieterse

**AUDITORS**

Auditor-General of South Africa  
No. 19 Park Lane Building, Park Lane, Century City, Cape Town  
Western Cape

**BANKERS**

ABSA Bank  
19 Voortrekker Street  
Laingsburg, 6900

**REGISTERED OFFICE**

2 Van Riebeeck Street  
Laingsburg  
6900

Private Bag X4  
Laingsburg  
6900

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E-mail: [laingsburg@xsinet.co.za](mailto:laingsburg@xsinet.co.za)

**MUNICIPAL MANAGER**

Mr J Booyesen

**CHIEF FINANCIAL OFFICER**

Ms A Groenewald



**LAINGSBURG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**General Information (Continued)**

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**LEGAL FORM**

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:

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

The municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

**JURISDICTION**

**Greater Laingsburg area which includes:**

Laingsburg town,  
the settlements Matjiesfontein and Vleiland,  
and scattered farming community

**LAINGSBURG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Approval of Annual Financial Statements**

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**MEMBERS OF THE LAINGSBURG MUNICIPALITY**

Ward	Representative	
1	Pieterse	J
2	Theron	A
3	Potgieter	L
4	Gouws	M
Proportional	Botha	J
Proportional	Laban	S
Proportional	Kleinbooi	A

**APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements, in accordance with Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.



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**Mr J Booyesen**  
Municipal Manager

31 August 2023  
**Date**

**LAINSBURG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Report of the Auditor General**

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- Insert Audit Report -



**LAINGSBURG MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023**

	Note	Actual	
		2023	2022
		R	Restated R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>19 320 731</b>	<b>21 137 327</b>
Inventories	2.	270 700	306 365
Receivables from Exchange Transactions	3.	5 017 566	5 375 591
Statutory Receivables from Exchange Transactions	4.	7 229 602	6 615 286
Statutory Receivables from Non-Exchange Transactions	5.	4 283 469	5 769 742
Cash and Cash Equivalents	6.	2 479 086	3 041 002
Lease Receivables	11.	40 308	29 341
<b>Non-Current Assets</b>		<b>288 733 737</b>	<b>287 180 122</b>
Property, Plant and Equipment	7.	265 748 621	263 528 149
Intangible Assets	8.	263 637	349 850
Investment Property	9.	22 152 686	22 638 304
Heritage Assets	10.	43 354	43 354
Long-term Receivables	12.	525 438	620 464
<b>Total Assets</b>		<b>308 054 467</b>	<b>308 317 449</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>22 884 412</b>	<b>18 560 646</b>
Consumer Deposits	13.	929 607	849 771
Payables from Exchange Transactions	14.	20 397 348	15 754 959
Unspent Conditional Grants and Receipts	15.	1 148 155	1 710 918
Lease Payables	16.	2 302	2 998
Employee Benefit Liabilities	17.	407 000	242 000
<b>Non-Current Liabilities</b>		<b>26 096 553</b>	<b>24 794 166</b>
Employee Benefit Liabilities	17.	5 921 000	6 014 000
Provisions	18.	20 175 553	18 780 166
<b>Total Liabilities</b>		<b>48 980 965</b>	<b>43 354 812</b>
<b>Total Assets and Liabilities</b>		<b>259 073 502</b>	<b>264 962 637</b>
<b>NET ASSETS</b>		<b>259 073 502</b>	<b>264 962 637</b>
Accumulated Surplus / (Deficit)	19.	259 073 502	264 962 637
<b>Total Net Assets</b>		<b>259 073 502</b>	<b>264 962 637</b>



**LAINSBURG MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Actual	
		2023	2022
		R	Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>113 594 925</b>	<b>74 946 552</b>
Property Rates	19.	5 179 522	4 657 378
Fines, Penalties and Forfeits	20.	54 092 091	23 990 174
Transfers and Subsidies	22.	53 711 185	44 731 436
Surcharges and Taxes	23.	-	1 035 394
Service Charges	24.	275 418	293 862
Interest, Dividends and Rent on Land Earned	28.	336 710	238 308
<b>Revenue from Exchange Transactions</b>		<b>25 472 322</b>	<b>26 058 696</b>
Licences and Permits	21.	194 405	467 255
Service Charges	24.	22 124 527	22 540 182
Sales of Goods and Rendering of Services	25.	119 534	104 749
Income from Agency Services	26.	184 917	193 586
Rental from Fixed Assets	27.	1 731 515	1 754 415
Interest, Dividends and Rent on Land Earned	28.	1 097 710	903 044
Operational Revenue	29.	19 713	95 465
<b>Total Revenue</b>		<b>139 067 247</b>	<b>101 005 248</b>
<b>EXPENDITURE</b>			
		<b>137 852 437</b>	<b>111 028 025</b>
Employee Related Costs	30.	31 587 476	30 949 353
Remuneration of Councillors	31.	3 318 112	3 183 104
Depreciation and Amortisation	32.	12 257 598	12 207 183
Impairment Losses	33.	50 307 929	23 471 777
Interest, Dividends and Rent on Land	34.	2 766 972	2 921 720
Bulk Purchases	35.	10 737 433	11 734 645
Contracted Services	36.	5 076 957	4 776 330
Inventory Consumed	37.	2 542 020	2 591 486
Transfers and Subsidies Paid	38.	12 473	214 861
Operating Leases	39.	619 190	519 006
Operational Costs	40.	13 795 425	15 591 103
Loss on Disposal of Property, Plant and Equipment	41.	4 830 853	2 867 456
<b>Total Expenditure</b>		<b>137 852 437</b>	<b>111 028 025</b>
<b>OPERATING SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>1 214 810</b>	<b>(10 022 777)</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>1 214 810</b>	<b>(10 022 777)</b>





# LAINGSBURG MUNICIPALITY

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

	Total Net Assets
	R
<b>2022</b>	
Balance at 30 June 2021	198 307 073
Correction of Error (Note 43)	76 786 220
<b>Restated Balance</b>	<b>275 093 293</b>
Surplus / (Deficit) as per prior 2021/22 AFS	(7 432 343)
Correction of Error (Note 43)	(2 590 433)
Restated Surplus / (Deficit) for the year	(10 022 776)
<b>Balance at 30 June 2022</b>	<b>264 962 637</b>
<b>2023</b>	
Appropriations from Accumulated Surplus	(7 103 944)
<b>Restated Balance</b>	<b>257 858 693</b>
Surplus / (Deficit) for the year	1 214 810
<b>Balance at 30 June 2023</b>	<b>259 073 502</b>

Details on the movement of the Accumulated Surplus are set out in Note 19.

**LAINGSBURG MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Actual 2023 R	2022 Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		4 817 048	4 579 400
Fines, Penalties and Forfeits		110 855 115	4 942 685
Transfers and Subsidies		48 676 981	30 777 191
Service Charges		(21 795 120)	21 796 708
External Interest and Dividends Received		415 483	280 155
Other Receipts		2 280 450	3 541 225
<b>Payments</b>			
Employee Related Costs		(31 355 313)	(29 838 915)
Remuneration of Councillors		(3 318 112)	(3 183 104)
External Interest and Dividends Paid		(682 133)	(461 121)
Suppliers Paid		(88 524 479)	(26 396 150)
VAT Paid		(614 316)	(812 977)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>45.</b>	<b><u>20 755 604</u></b>	<b><u>5 225 097</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	7.	(21 412 547)	(12 053 583)
Proceeds / (Losses) on Disposal of Property, Plant and Equipment	7.	(419 370)	(0)
Proceeds on Disposal of Investment Property		419 370	-
Decrease / (Increase) in Long-term Receivables		95 026	151 045
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b><u>(21 317 521)</u></b>	<b><u>(11 902 538)</u></b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b><u>(561 916)</u></b>	<b><u>(6 677 441)</u></b>
Cash and Cash Equivalents at Beginning of Financial Year	6.	3 041 002	9 718 443
Cash and Cash Equivalents at End of Financial Year	6.	2 479 086	3 041 002



**LAINGSBURG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

30 June 2023

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
<b>FINANCIAL POSITION</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	11 817 684	11 817 684	11 817 684	2 479 086	(9 338 598)	-79.02%	-79.02%
Call Investment Deposits	1 775 039	1 775 039	1 775 039	-	(1 775 039)	-100.00%	-100.00%
Consumer Debtors	4 188 811	4 188 811	4 188 811	12 247 168	8 058 357	192.38%	192.38%
Other Debtors	7 563 081	7 563 081	7 563 081	4 283 469	(3 279 612)	-43.36%	-43.36%
Current Portion of Long-term Receivables	-	-	-	40 308	40 308	0.00%	0.00%
Inventory	640 537	640 537	640 537	270 700	(369 837)	-57.74%	-57.74%
<b>Non-Current Assets</b>							
Long-term Receivables	14 454	14 454	14 454	525 438	510 984	3535.24%	3535.24%
Investment Property	23 415 501	23 415 501	23 415 501	22 152 686	(1 262 815)	-5.39%	-5.39%
Property, Plant and Equipment	194 086 197	194 086 197	194 086 197	265 748 621	71 662 424	36.92%	36.92%
Intangible	202 425	202 425	202 425	263 637	61 212	30.24%	30.24%
Other Non-current Assets	43 354	43 354	43 354	43 354	-	0.00%	0.00%
<b>Total Assets</b>	<b>243 747 083</b>	<b>243 747 083</b>	<b>243 747 083</b>	<b>308 054 467</b>	<b>64 307 384</b>	<b>26.38%</b>	<b>26.38%</b>
<b>Current Liabilities</b>							
Borrowing	-	-	-	2 302	2 302	0.00%	0.00%
Consumer Deposits	801 982	801 982	801 982	929 607	127 625	15.91%	15.91%
Trade and Other Payables	9 245 545	9 245 545	9 245 545	21 545 503	12 299 958	133.04%	133.04%
Provisions	23 426 115	23 426 115	23 426 115	407 000	(23 019 115)	-98.26%	-98.26%
<b>Non-Current Liabilities</b>							
Borrowing	743	743	743	-	(743)	-100.00%	-100.00%
Provisions	14 287 330	14 287 330	14 287 330	26 096 553	11 809 223	82.66%	82.66%
<b>Total Liabilities</b>	<b>47 761 715</b>	<b>47 761 715</b>	<b>47 761 715</b>	<b>48 980 965</b>	<b>1 219 250</b>	<b>150.53%</b>	<b>179.73%</b>
<b>Total Assets and Liabilities</b>	<b>195 985 368</b>	<b>195 985 368</b>	<b>195 985 368</b>	<b>259 073 502</b>	<b>63 088 134</b>	<b>95.54%</b>	<b>88.22%</b>
<b>Net Assets (Equity)</b>							
Accumulated Surplus / (Deficit)	195 985 368	195 985 368	195 985 368	259 073 502	63 088 134	95.54%	88.22%
<b>Total Net Assets</b>	<b>195 985 368</b>	<b>195 985 368</b>	<b>195 985 368</b>	<b>259 073 502</b>	<b>63 088 134</b>	<b>95.54%</b>	<b>88.22%</b>



**LAINGSBURG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

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**LAINGSBURG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

30 June 2023

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
<b>FINANCIAL PERFORMANCE</b>							
Property Rates	5 334 168	5 334 168	5 334 168	5 179 522	- 154 646	-2.90%	-2.90%
Service Charges	26 075 160	26 075 160	26 075 160	22 399 945	- 3 675 215	-14.09%	-14.09%
Rental of Facilities and Equipment	1 754 544	1 754 544	1 754 544	1 731 515	- 23 029	-1.31%	-1.31%
Interest Earned - External Investments	339 996	339 996	339 996	415 483	75 487	22.20%	22.20%
Interest Earned - Outstanding Debtors	748 032	748 032	748 032	1 014 353	266 321	35.60%	35.60%
Fines, Penalties and Forfeits	35 642 448	35 642 448	35 642 448	54 092 091	18 449 643	51.76%	51.76%
Licences and Permits	941 796	941 796	941 796	194 405	- 747 391	-79.36%	-79.36%
Agency Services	210 000	210 000	210 000	184 917	- 25 083	-11.94%	-11.94%
Transfers and Subsidies	25 081 500	25 081 500	25 081 500	29 824 685	4 743 185	18.91%	18.91%
Surcharges and Taxes	3 115 632	3 075 632	3 075 632	-	- 3 075 632	-100.00%	-100.00%
Other Revenue	193 584	233 584	233 584	143 832	- 89 752	-38.42%	-25.70%
Gains on Disposal of Property, Plant and Equipment	6 000	6 000	6 000	-	-	-100.00%	-100.00%
<b>Total Revenue</b>	<b>99 442 860</b>	<b>99 442 860</b>	<b>99 442 860</b>	<b>115 180 747</b>	<b>15 743 887</b>	<b>15.83%</b>	<b>15.83%</b>
<b>Expenditure</b>							
Employee Related Costs	31 058 604	31 058 604	31 058 604	31 587 476	528 872	1.70%	1.70%
Remuneration of Councillors	3 300 156	3 300 156	3 300 156	3 318 112	17 956	0.54%	0.54%
Debt Impairment	29 470 596	29 470 596	29 470 596	48 536 969	19 066 373	64.70%	64.70%
Depreciation and Asset Impairment	7 218 540	7 218 540	7 218 540	14 028 558	6 810 018	94.34%	94.34%
Finance Charges	953 496	953 496	953 496	2 766 972	1 813 476	190.19%	190.19%
Bulk Purchases	12 600 000	12 600 000	12 600 000	10 737 433	- 1 862 567	-14.78%	-14.78%
Other Materials	3 628 896	3 628 896	3 628 896	2 542 020	- 1 086 876	-29.95%	-29.95%
Contracted Services	8 149 992	8 174 992	8 174 992	5 076 957	- 3 098 035	-37.90%	-37.71%
Transfers and Subsidies	355 572	355 572	355 572	12 473	- 343 099	-96.49%	-96.49%
Other Expenditure	13 149 612	13 124 612	13 124 612	14 414 615	1 290 003	9.83%	9.62%
Loss on Disposal of Property, Plant and Equipment	-	-	-	4 830 853	4 830 853	0.00%	0.00%
<b>Total Expenditure</b>	<b>109 885 464</b>	<b>109 885 464</b>	<b>109 885 464</b>	<b>137 852 437</b>	<b>27 966 973</b>	<b>25.45%</b>	<b>25.45%</b>
Surplus / (Deficit)	- 10 442 604	- 10 442 604	- 10 442 604	- 22 671 690	- 12 223 086	117.11%	117.11%
Transfers and Subsidies - Capital	23 886 500	23 886 500	23 886 500	23 886 500	-	0.00%	0.00%
<b>Surplus/(Deficit for the Year)</b>	<b>13 443 896</b>	<b>13 443 896</b>	<b>13 443 896</b>	<b>1 214 810</b>	<b>- 12 223 086</b>	<b>-90.96%</b>	<b>-90.96%</b>



**LAINGSBURG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

30 June 2023

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE PER FUNCTION</b>							
Community and Social Services	52 008	36 336	36 336	36 329	(7)	-0.02%	-30.15%
Waste Water Management	23 986 500	24 023 472	24 023 472	21 291 091	(2 732 381)	-11.37%	-11.24%
Waste Management	-	60 000	60 000	-	(60 000)	-100.00%	0.00%
<b>Total Capital Expenditure</b>	<b>24 038 508</b>	<b>24 119 808</b>	<b>24 119 808</b>	<b>21 327 420</b>	<b>(2 792 388)</b>	<b>-11.58%</b>	<b>-11.28%</b>

30 June 2023

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
<b>CASH FLOW</b>							
<b>Cash Flow from Operating Activities</b>							
<b>Receipts</b>							
Property Rates	4 791 522	4 791 522	4 791 522	4 817 048	25 526	83.13%	90.54%
Service Charges	23 224 942	23 224 942	23 224 942	(21 795 120)	(45 020 062)	12.85%	11.01%
Other Revenue	9 081 822	9 081 822	9 081 822	2 280 450	(6 801 372)	334.15%	244.53%
Government - Operating	14 095 500	14 095 500	14 095 500	24 790 481	10 694 981	104.63%	124.43%
Government - Capital	23 886 500	23 886 500	23 886 500	23 886 500	-	0.00%	0.00%
Interest	672 552	672 552	672 552	415 483	(257 069)	58.83%	21.72%
<b>Payments</b>							
Suppliers and Employees	(64 329 865)	(64 329 865)	(64 329 865)	(123 799 746)	(59 469 881)	86.04%	88.37%
Finance Charges	(772 500)	(772 500)	(772 500)	(682 133)	90 367	1759.84%	46.49%
Transfers and Grants	(355 572)	(355 572)	(355 572)	(12 473)	343 099	-96.49%	-96.49%
<b>Net Cash from/(used) Operating Activities</b>	<b>10 294 901</b>	<b>10 294 901</b>	<b>10 294 901</b>	<b>(90 099 510)</b>	<b>(100 394 411)</b>	<b>-975.19%</b>	<b>-975.19%</b>
<b>Cash Flows from Investing Activities</b>							
<b>Receipts</b>							
Decrease / (Increase) in Non-current Receivables	-	-	-	95 026	95 026	0.00%	0.00%
<b>Payments</b>							
Capital Assets	(6 338 369)	(6 338 369)	(6 338 369)	(21 412 547)	(15 074 178)	237.82%	237.82%
<b>Net Cash from/(used) Investing Activities</b>	<b>(6 338 369)</b>	<b>(6 338 369)</b>	<b>(6 338 369)</b>	<b>(21 317 521)</b>	<b>(14 979 152)</b>	<b>236.33%</b>	<b>236.33%</b>
<b>Net Increase/(Decrease) In Cash Held</b>	<b>(3 956 532)</b>	<b>(3 956 532)</b>	<b>(3 956 532)</b>	<b>561 916</b>	<b>(231 009 807)</b>	<b>-114.20%</b>	<b>-114.20%</b>
Cash/Cash Equivalents at the Year Begin:	(1 740 128)	(1 740 128)	(1 740 128)	3 041 002	(230 747 125)	-274.76%	-274.76%
Cash/Cash Equivalents at the Year End:	2 216 404	2 216 404	2 216 404	2 479 086	262 682	11.85%	11.85%



# LAINGSBURG MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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### 1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Annual Financial Statements have been prepared in accordance with the historical cost convention, except where indicated otherwise.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

#### 1.1 Presentation Currency

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

#### 1.2 Critical Judgements, Estimations and Assumptions

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

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

The following are the critical judgements and 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 Annual Financial Statements:

##### 1.2.1 Revenue Recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), 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 is rendered, whether the service has been rendered. 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.

- Revenue for Traffic Fines:

There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 1.2.2 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the 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.

#### 1.2.3 Impairment of Financial Assets

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- 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. This is performed per service-identifiable categories across all classes of debtors.
- Impairment of Traffic Fines:  
Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

#### 1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

#### 1.2.5 Capitalisation of Capital Assets

Judgement by management is required to distinguish between expenses incurred to maintain and repair capital assets and expenses incurred that will increase the remaining useful life of capital assets and needs to be capitalised to capital assets.

#### 1.2.6 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 6.3, 7.2 and 8.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

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





## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 1.2.7 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 5 on Impairment of Assets, Accounting Policy 3.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 7.2 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 of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

#### 1.2.8 Service Concession Arrangements

The municipality assesses whether it is a party to any service concession arrangements by considering the principles contained in GRAP 32 and IFRIC 12.

Management has assessed all arrangements in place and concluded that there are no service concession arrangements to which it was a party during this accounting period.

#### 1.2.9 Defined Benefit Plan Liabilities

As described in Accounting Policy 15.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and 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 the relevant Notes to the Annual Financial Statements.

#### 1.2.10 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

#### 1.2.11 Principals and Agent Arrangements

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109.

The municipality is assessed to be the principal and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP. In order to assess that the municipality is the principal, the following factors were considered in applying its judgement:

- The municipality acts as a principal for the service provider, Syntell, who acts as an agent for the municipality with the sale of prepaid electricity and water.
- The municipality acts as a principal for the service provider, the Provincial Department of Transport, who acts as an agent for the municipality with regards to the issuing of fines for various traffic violations within the Laingsburg Municipal Area.
- The municipality acts as a principal for the service provider, Central Karoo Traffic Systems (Pty) Ltd, who acts as an agent for the municipality with regards to the issuing and recovery of camera fines issued within the Laingsburg Municipal Area.

The municipality is assessed to be the agent and only accounts for the amounts which the agent are entitled to in terms of the principal-agent arrangement. In order to assess that the municipality is the agent, the following factors were considered in applying its judgement:

- The municipality acts as an agent for Department of Transport for issuing licenses and permits and collects monies on their behalf.



## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 1.2.12 Housing Arrangements

The municipality is not accredited to deliver housing under the national housing programme. However it assesses its roles and responsibilities it undertakes for each project undertaken in terms of the national housing programme by assessing the terms and conditions agreed with the relevant Provincial Department of Human Settlements.

Management has assessed all arrangements in place and concluded that there are no housing arrangements to which it was a project manager or developer during this accounting period.

#### 1.2.13 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

#### 1.2.14 Segment Reporting

The municipality is assessed to have reportable segments as per the requirements of GRAP 18. In order to assess that the segments could be aggregated, the following factors were considered in applying its judgement:

- For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide.
- No individually material operating segments have been aggregated to form the above reportable operating segments.
- The municipality does not monitor segments geographically.

#### 1.2.15 The effect of COVID-19

Management needs to estimate the effect of COVID-19 on its future cash flow and discount rates to ensure that the municipality will remain a going concern.

Judgement needs to be made on the effect of COVID-19 on credit risk, liquidity risk and going concern.

#### 1.3 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

The recent COVID-19 pandemic and its effect on the municipality's current and expected performance has been considered by management in the Going Concern Assumption.

## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 1.4 Standards, Amendments to Standards and Interpretations published but not yet Effective

The following GRAP Standards and Interpretations have been published but are not yet effective and have not been early adopted by the municipality. Additionally, these standards and interpretations are not always relevant to the municipality's operations and are indicated as such below:

Standard of GRAP / Nature of Impending Changes / Expected Impact	Effective Date	Planned Date for Application by Municipality
<ul style="list-style-type: none"> <li>● <b>GRAP 1</b>            <b>Presentation of Financial Statements (Revised)</b> Unlikely that there will be a material impact</li> </ul>	01/04/2023	30/06/2024
<ul style="list-style-type: none"> <li>● <b>GRAP 25</b>           <b>Employee Benefits (Revised)</b> Unlikely that there will be a material impact</li> </ul>	01/04/2024	30/06/2025
<ul style="list-style-type: none"> <li>● <b>GRAP 104</b>           <b>Financial Instruments (Revised)</b> Unlikely that there will be a material impact</li> </ul>	01/04/2025	30/06/2026
<ul style="list-style-type: none"> <li>● <b>General GRAP</b>    <b>Improvement to the Standards of GRAP (2021)</b> Unlikely that there will be a material impact</li> </ul>	01/04/2023	30/06/2024
<ul style="list-style-type: none"> <li>● <b>IGRAP 7</b>            <b>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</b> Unlikely that there will be a material impact</li> </ul>	Not yet determined	Not yet determined
<ul style="list-style-type: none"> <li>● <b>IGRAP 21</b>           <b>The Effect of Past Decisions on Materiality</b> Unlikely that there will be a material impact</li> </ul>	01/04/2023	30/06/2024
<ul style="list-style-type: none"> <li>● <b>Guideline</b>           <b>Accounting for Landfill Sites</b> Unlikely that there will be a material impact</li> </ul>	Not yet determined	Not yet determined
<ul style="list-style-type: none"> <li>● <b>Guideline</b>           <b>The Application of Materiality to Financial Statements</b> Unlikely that there will be a material impact, and the guideline will not have mandatory status</li> </ul>	Not yet determined	Not yet determined

## 2. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2022 to 30 June 2023.

# LAINSBURG MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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### 3. INVENTORIES

#### 3.1 Recognition and Initial Measurement

Inventories comprise 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 manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

#### 3.2 Subsequent Measurement

##### 3.2.1 Consumable Stores

Subsequently, Inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the Weighted Average Method.

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost. The cost is determined using the Weighted Average Method.

##### 3.2.2 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, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, 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 valued by using the FIFO Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

##### 3.2.3 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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



# LAINGSBURG MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### 4. 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.

#### Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

#### 4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost

#### 4.3 Initial and Subsequent Measurement

##### 4.3.1 Financial Assets:

##### Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 4.3.2 Financial Liabilities:

##### Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

#### 4.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. 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 through the use of an allowance account.

##### 4.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts 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 provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision 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. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

#### 4.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires 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.

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

#### 4.6 Derecognition of Financial Liabilities

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

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.



# LAINSBURG MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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### 5. STATUTORY RECEIVABLES

Statutory Receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

The municipality has the following Statutory Receivables from Non-exchange Transactions:

- Assessment Rates
- Fines

#### 5.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliably measured.

The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines are serviced in terms of the stipulations contained in the Criminal Procedures Act, 1977 (Act No. 51 of 1977) at rates published in the Government Gazette from time to time.

#### 5.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

#### 5.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- Assessment Rates
- Fines

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.



## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 5.4 Derecognition

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of and statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

## 6. PROPERTY, PLANT AND EQUIPMENT

### 6.1 Initial Recognition and Measurement

Property, Plant and Equipment are initially recognised at cost.

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

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

### 6.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.



## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 6.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

	Asset Class	Years		Asset Class	Years
	<b>Buildings</b>			<b>Community</b>	
	Improvements	10 - 100		Community Facilities	15 - 100
	<b>Infrastructure</b>			Recreational Facilities	20 - 100
	Electricity	15 - 60		<b>Other</b>	
	Roads and Paving	10 - 60		Computer Equipment	5 - 30
	Sanitation / Sewerage	10 - 60		Furniture and Office Equipment	6 - 50
	Solid Waste	15 - 60		Machinery and Equipment	5 - 40
	Water	5 - 80		Transport Assets	10 - 45

#### 6.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

#### 6.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

#### 6.6 Infrastructure Assets

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

#### 6.7 Finance Leases

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

#### 6.8 Derecognition

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. Gains are not classified as Revenue.

# LAINGSBURG MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### 7. INTANGIBLE ASSETS

#### 7.1 Initial Recognition and Measurement

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

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

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

#### 7.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

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

	<b>Asset Class</b>	<b>Years</b>
	Computer Software Purchased	5 - 10

#### 7.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

# LAINGSBURG MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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### 8. INVESTMENT PROPERTY

#### 8.1 Initial Recognition and Measurement

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

#### 8.2 Subsequent Measurement

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 20 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

#### 8.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

### 9. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

#### 9.1 Initial Recognition and Measurement

Heritage Assets are initially recognised at cost.

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

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

#### 9.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

#### 9.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 10. IMPAIRMENT OF 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.

##### 10.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

##### 10.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

## LAINSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

#### 11. CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

#### 12. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the 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. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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

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

##### 12.1 Provision for Environmental Rehabilitation

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



# LAINSBURG MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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### 13. LEASES

#### 13.1 The Municipality as Lessee

##### 13.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

##### 13.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit 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. Any lease incentives are included as part of the net consideration agreed.

#### 13.2 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a Straight-line Basis over the term of the relevant lease.

### 14. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

### 15. EMPLOYEE BENEFIT LIABILITIES

#### 15.1 Short-term Employee Benefits

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 at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

## LAINSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 15.1.1 Provision for Staff Leave

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

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

Accumulated leave is vesting.

#### 15.1.2 Staff Bonuses Accrued

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

#### 15.1.3 Provision for Performance Bonuses

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

#### 15.2 Post-employment Benefits

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

##### 15.2.1 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 Surplus or Deficit 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.

##### 15.2.2 Defined Benefit Plans

###### 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 unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.



## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### **Long-service Allowance**

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 is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

#### **Provincially-administered Defined Benefit Plans**

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

#### **Defined Benefit Pension Plans**

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

## **16. REVENUE RECOGNITION**

### **16.1 General**

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

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

### **16.2 Revenue from Non-exchange Transactions**

#### **16.2.1 Rates and Taxes**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a Time-proportionate 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.





## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 16.2.2 Fines

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

#### 16.2.3 Government Grants and Receipts

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

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.

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 Surplus or Deficit in the period in which they become receivable.

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

#### 16.2.4 Public Contributions

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.

#### 16.2.5 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.

#### 16.2.6 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

#### 16.2.7 Tariff Charges

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

#### 16.2.8 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.



## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 16.3 Revenue from Exchange Transactions

##### 16.3.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

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

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage.

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

##### 16.3.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

##### 16.3.3 Rentals Received

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

##### 16.3.4 Income from Agency Services

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

##### 16.3.5 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1%, and recognised in surplus or deficit on the time-proportionate basis.

##### 16.3.6 Tariff Charges

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

## LAINSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 16.3.7 Sale of Goods (including Houses)

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

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

#### 17. GRANTS-IN-AID

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

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

#### 18. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

#### 19. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

#### 20. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.



## LAINGSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 21. 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.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

#### 22. COMMITMENTS

Commitments are disclosed for:

- Approved and contracted 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;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the College commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

#### 23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Executive Mayor, Speaker, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

#### 24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

#### 25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

## LAINSBURG MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 26. SEGMENT REPORTING

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Executive and Council.
- Finance and Administration.
- Community and Social Services.
- Road Transport.
- Energy Sources.
- Waste Management.
- Wastewater Management.
- Water Management.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

#### 27. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>1. GENERAL INFORMATION</b>		
<p>Laingsburg Municipality is a local municipality in the Western Cape and is one of three local municipalities under the jurisdiction of the Central Karoo District Municipality. The municipal area includes the town of Laingsburg, the settlements of Matjiesfontein and Vleiland as well rural farms. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements 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 Municipal Finance Management Act (MFMA).</p>		
<b>2. INVENTORIES</b>		
Consumables	1 746	110 268
Finished Goods	155 087	140 614
Materials and Supplies	29 568	38 522
Water	84 299	16 961
<b>Total Inventories</b>	<b>270 700</b>	<b>306 365</b>

**Materials and Supplies** are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

**Water** is held for distribution and measured at the lower of Cost and Net Realisable Value. No write down of Inventory to Net Realisable Value was required.

The cost of Inventories recognised as an expense includes R2 542 020 (2022: R2 591 486)

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2023</b>			
Service Debtors:	5 056 978	3 316 752	1 740 227
Electricity	620 650	408 222	212 428
Refuse	1 217 663	811 535	406 128
Sewerage	503 546	830 804	(327 258)
Merchandising, Jobbing and Contracts	10 580	-	10 580
Other Service Charges	1 492 964	105 087	1 387 876
Water	1 211 577	1 161 104	50 473
Other Receivables	1 331 680	220 967	1 110 714
Other Debtors	(154 394)	-	(154 394)
Prepayments and Advances	28 593	-	28 593
Control, Clearing and Interface Accounts	39 889	-	39 889
Deposits	2 252 538	-	2 252 538
<b>Total Receivables from Exchange Transactions</b>	<b>8 555 285</b>	<b>3 537 719</b>	<b>5 017 566</b>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2022</b>			
Service Debtors:	5 518 683	2 972 020	2 546 663
Electricity	1 378 289	505 045	873 244
Refuse	1 095 793	702 521	393 273
Sewerage	526 401	766 513	(240 112)
Merchandising, Jobbing and Contracts	9 299	-	9 299
Other Service Charges	1 389 043	94 780	1 294 262
Water	1 119 858	903 161	216 697
Other Receivables	1 268 227	523 980	744 246
Other Debtors	(246 393)	-	(246 393)
Prepayments and Advances	127 089	-	127 089
Control, Clearing and Interface Accounts	48 302	-	48 302
Deposits	2 155 685	-	2 155 685
<b>Total Receivables from Exchange Transactions</b>	<b>8 871 592</b>	<b>3 496 001</b>	<b>5 375 591</b>

The prior year amount for Receivables from Exchange Transactions has been adjusted. Refer to Note 43.3 on "Correction of Error" for details of the restatement.

Included in Service Debtors is an amount of R830 105 (2022: R736 355) in respect of the consumption of metered services not billed as at 30 June.

Receivables from Exchange Transactions are billed monthly at the beginning of the month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate of 10%, determined by council, on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2023, the municipality is owed R517 930 (30 June 2022: R667 284) by National and Provincial Government.

**3.1 Ageing of Receivables from Exchange Transactions**

**As at 30 June 2023**

	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Electricity:</b>					
Gross Balances	793 094	86 776	71 807	(331 027)	620 650
Less: Provision for Impairment	106 564	38 478	32 777	230 402	408 222
<b>Net Balances</b>	<b>686 529</b>	<b>48 299</b>	<b>39 029</b>	<b>(561 429)</b>	<b>212 428</b>
<b>Refuse:</b>					
Gross Balances	226 208	75 840	65 981	849 633	1 217 663
Less: Provision for Impairment	76 674	55 306	51 687	627 868	811 535
<b>Net Balances</b>	<b>149 534</b>	<b>20 534</b>	<b>14 295</b>	<b>221 765</b>	<b>406 128</b>
<b>Sewerage:</b>					
Gross Balances	192 759	73 084	64 675	173 027	503 546
Less: Provision for Impairment	79 752	58 064	54 588	638 400	830 804
<b>Net Balances</b>	<b>113 006</b>	<b>15 020</b>	<b>10 087</b>	<b>(465 372)</b>	<b>(327 258)</b>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Merchandising, Jobbing and Contracts:**

Gross Balances	10 580	-	-	-	10 580
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>10 580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 580</b>

**Other Service Charges:**

Gross Balances	-	-	-	1 492 964	1 492 964
Less: Provision for Impairment	-	-	-	105 087	105 087
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 387 876</b>	<b>1 387 876</b>

**Water:**

Gross Balances	224 449	102 866	144 466	739 796	1 211 577
Less: Provision for Impairment	97 193	77 737	125 015	861 159	1 161 104
<b>Net Balances</b>	<b>127 256</b>	<b>25 129</b>	<b>19 451</b>	<b>(121 363)</b>	<b>50 473</b>

**Other Receivables:**

Gross Balances	112 469	52 556	39 048	1 127 607	1 331 680
Less: Provision for Impairment	38 131	29 503	17 218	136 115	220 967
<b>Net Balances</b>	<b>74 339</b>	<b>23 053</b>	<b>21 830</b>	<b>991 492</b>	<b>1 110 714</b>

**Other Debtors:**

Gross Balances	(154 394)	-	-	-	(154 394)
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>(154 394)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(154 394)</b>

**Prepayments and Advances:**

Gross Balances	28 593	-	-	-	28 593
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>28 593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 593</b>

**Control, Clearing and Interface Accounts:**

Gross Balances	39 889	-	-	-	39 889
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>39 889</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39 889</b>

**Deposits**

Gross Balances	2 252 538	-	-	-	2 252 538
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>2 252 538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 252 538</b>

As at 30 June Receivables of R1 689 696 were past due but not impaired. The age analysis of these Receivables are as follows:

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

**All Receivables:**

Gross Balances	3 726 184	391 122	385 978	4 052 001	8 555 285
Less: Provision for Impairment	398 314	259 087	281 286	2 599 032	3 537 719
<b>Net Balances</b>	<b>3 327 870</b>	<b>132 035</b>	<b>104 692</b>	<b>1 452 969</b>	<b>5 017 566</b>





**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Electricity:</b>					
Gross Balances	928 226	152 436	92 761	204 866	1 378 289
Less: Provision for Impairment	135 237	49 073	34 149	286 586	505 045
<b>Net Balances</b>	<b>792 988</b>	<b>103 364</b>	<b>58 612</b>	<b>(81 720)</b>	<b>873 244</b>
<b>Refuse:</b>					
Gross Balances	200 634	64 233	52 427	778 499	1 095 793
Less: Provision for Impairment	62 723	46 106	42 481	551 211	702 521
<b>Net Balances</b>	<b>137 911</b>	<b>18 127</b>	<b>9 946</b>	<b>227 288</b>	<b>393 273</b>
<b>Sewerage:</b>					
Gross Balances	170 661	64 471	58 007	233 262	526 401
Less: Provision for Impairment	65 547	50 653	47 957	602 356	766 513
<b>Net Balances</b>	<b>105 114</b>	<b>13 818</b>	<b>10 050</b>	<b>(369 094)</b>	<b>(240 112)</b>
<b>Merchandising, Jobbing and Contracts:</b>					
Gross Balances	9 299	-	-	-	9 299
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>9 299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 299</b>
<b>Other Service Charges:</b>					
Gross Balances	-	-	-	1 389 043	1 389 043
Less: Provision for Impairment	-	-	-	94 780	94 780
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 294 262</b>	<b>1 294 262</b>
<b>Water:</b>					
Gross Balances	207 132	73 852	75 474	763 400	1 119 858
Less: Provision for Impairment	87 046	60 831	56 073	699 212	903 161
<b>Net Balances</b>	<b>120 086</b>	<b>13 021</b>	<b>19 402</b>	<b>64 189</b>	<b>216 697</b>
<b>Other Receivables:</b>					
Gross Balances	85 727	27 414	25 787	1 129 298	1 268 227
Less: Provision for Impairment	25 291	22 629	21 637	454 424	523 980
<b>Net Balances</b>	<b>60 436</b>	<b>4 785</b>	<b>4 151</b>	<b>674 874</b>	<b>744 246</b>
<b>Other Debtors:</b>					
Gross Balances	(246 393)	-	-	-	(246 393)
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>(246 393)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(246 393)</b>
<b>Prepayments and Advances:</b>					
Gross Balances	127 089	-	-	-	127 089
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>127 089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127 089</b>
<b>Control, Clearing and Interface Accounts:</b>					
Gross Balances	48 302	-	-	-	48 302
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>48 302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48 302</b>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Deposits for Land**

Gross Balances	2 155 685	-	-	-	2 155 685
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>2 155 685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 155 685</b>

As at 30 June Receivables of R2 065 075 were past due but not impaired. The age analysis of these Receivables are as follows:

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

**All Receivables:**

Gross Balances	3 686 361	382 406	304 457	4 498 368	8 871 592
Less: Provision for Impairment	375 844	229 291	202 297	2 688 569	3 496 001
<b>Net Balances</b>	<b>3 310 516</b>	<b>153 116</b>	<b>102 160</b>	<b>1 809 799</b>	<b>5 375 591</b>

**3.2 Summary of Receivables from Exchange Transactions by Customer Classification**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2023</b>				
<u>Current:</u>				
0 - 30 days	2 935 973	748 383	29 848	11 980
<u>Past Due:</u>				
31 - 60 Days	299 279	69 534	19 995	2 314
61 - 90 Days	240 926	123 187	20 238	1 626
+ 90 Days	2 846 257	757 868	447 849	26
Sub-total	6 322 436	1 698 973	517 930	15 946
Less: Provision for Impairment	2 729 373	681 538	120 735	6 073
<b>Total Trade Receivables by Customer Classification</b>	<b>3 593 063</b>	<b>1 017 435</b>	<b>397 195</b>	<b>9 873</b>

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2022</b>				
<u>Current:</u>				
0 - 30 days	2 764 207	841 617	69 073	11 464
<u>Past Due:</u>				
31 - 60 Days	222 044	140 562	17 526	2 274
61 - 90 Days	203 727	84 625	15 956	149
+ 90 Days	3 294 261	633 466	564 729	5 913
Sub-total	6 484 238	1 700 270	667 284	19 800
Less: Provision for Impairment	2 770 761	554 552	160 965	9 723
<b>Total Trade Receivables by Customer Classification</b>	<b>3 713 477</b>	<b>1 145 718</b>	<b>506 319</b>	<b>10 077</b>

**2023**  
R

**2022**  
R

**3.3 Reconciliation of the Provision for Impairment**

Balance at beginning of year	3 496 001	2 392 379
Impairment Losses recognised	287 784	1 199 428
Impairment Losses reversed	(246 066)	(95 806)
<b>Balance at end of year</b>	<b>3 537 719</b>	<b>3 496 001</b>

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.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2023</b>			
VAT Receivable	7 229 602	-	7 229 602
<b>Total Statutory Receivables from Exchange Transactions</b>	<b>7 229 602</b>	<b>-</b>	<b>7 229 602</b>
<b>As at 30 June 2022</b>			
VAT Receivable	6 615 286	-	6 615 286
<b>Total Statutory Receivables from Exchange Transactions</b>	<b>6 615 286</b>	<b>-</b>	<b>6 615 286</b>

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

**5. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2023</b>			
Property Rates	4 220 063	3 992 130	227 933
Fines	71 545 489	67 509 476	4 036 013
Service Charges:	1 346 004	1 326 481	19 523
- Electricity	391 691	387 259	4 432
- Waste Water	604 461	592 559	11 902
- Water	349 852	346 663	3 189
<b>Total Statutory Receivables from Non-Exchange Transaction</b>	<b>77 111 556</b>	<b>72 828 087</b>	<b>4 283 469</b>
<b>As at 30 June 2022</b>			
Property Rates	3 520 880	3 258 513	262 367
Fines	128 308 513	122 825 799	5 482 713
Service Charges:	1 151 328	1 126 667	24 661
- Electricity	328 848	321 427	7 421
- Waste Water	525 042	513 398	11 645
- Water	297 438	291 842	5 596
<b>Total Statutory Receivables from Non-Exchange Transaction</b>	<b>132 980 721</b>	<b>127 210 979</b>	<b>5 769 742</b>

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 43.3 on "Correction of Error" for details of the restatement.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Property Rates** is a tax levied by a municipality to a property owner used to fund services delivered. Property Rates are calculated by multiplying the market value of the property with a rate determined by the Municipal Council. The levying of this revenue stream is governed by the Municipal Property Rates Act 6 of 2004.

**Traffic Fines** arise from fines issued by the municipality's traffic officials. These fines are issued according to the National Road Traffic Act 93 of 1996. The fines issued are divided into Radar Fines and Section 56 Fines.

Radar fines are speed control fines issued when a motorist is caught speeding on a radar camera device. The device takes a picture of the vehicle and takes a speed reading. The speeding fine is then delivered to the registered owner of the vehicle by post.

The Section 56 fine is imposed when a motorist is stopped by the traffic officer and his or her identity therefore is known and a Traffic Offence occurred.

**Service Charges** arise from availability charges levied against vacant property where the service infrastructure is available to the property. Availability Charges are levied for Electricity, Waste Removal, Waste Water and Water Services.

**5.1 Ageing of Statutory Receivables from Non-Exchange Transactions**

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Property Rates:</b>					
Gross Balances	62 156	67 923	67 334	4 022 651	4 220 063
Less: Provision for Impairment	59 058	56 832	60 218	3 816 022	3 992 130
<b>Net Balances</b>	<b>3 098</b>	<b>11 091</b>	<b>7 116</b>	<b>206 628</b>	<b>227 933</b>
<b>Fines:</b>					
Gross Balances	2 706 050	3 090 550	5 671 550	60 077 339	71 545 489
Less: Provision for Impairment	2 520 065	2 878 138	5 281 747	56 829 526	67 509 476
<b>Net Balances</b>	<b>185 985</b>	<b>212 412</b>	<b>389 803</b>	<b>3 247 813</b>	<b>4 036 013</b>
<b>Service Charges:</b>					
Gross Balances	34 606	26 196	21 122	(81 925)	-
Less: Provision for Impairment	26 915	25 983	20 975	(73 873)	-
<b>Net Balances</b>	<b>7 692</b>	<b>213</b>	<b>147</b>	<b>(8 052)</b>	<b>-</b>

As at 30 June Receivables of R4 067 171 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	2 802 812	3 184 669	5 760 006	64 018 065	75 765 552
Less: Provision for Impairment	2 606 037	2 960 953	5 362 940	60 571 676	71 501 606
<b>Net Balances</b>	<b>196 775</b>	<b>223 716</b>	<b>397 066</b>	<b>3 446 389</b>	<b>4 263 946</b>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Property Rates:</b>					
Gross Balances	21 856	51 394	43 787	3 403 844	3 520 880
Less: Provision for Impairment	19 310	36 837	34 887	3 167 479	3 258 513
<b>Net Balances</b>	<b>2 546</b>	<b>14 556</b>	<b>8 900</b>	<b>236 365</b>	<b>262 367</b>
<b>Fines:</b>					
Gross Balances	2 071 650	2 167 150	2 080 150	121 989 563	128 308 513
Less: Provision for Impairment	1 900 939	1 988 570	1 908 739	117 027 552	122 825 799
<b>Net Balances</b>	<b>170 711</b>	<b>178 580</b>	<b>171 411</b>	<b>4 962 011</b>	<b>5 482 713</b>
<b>Service Charges:</b>					
Gross Balances	47 005	23 655	22 002	1 058 666	1 151 328
Less: Provision for Impairment	36 284	21 994	20 835	1 047 554	1 126 667
<b>Net Balances</b>	<b>10 721</b>	<b>1 661</b>	<b>1 167</b>	<b>11 113</b>	<b>24 661</b>

As at 30 June Receivables of R5 585 765 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	2 140 511	2 242 199	2 145 939	126 452 073	132 980 721
Less: Provision for Impairment	1 956 533	2 047 401	1 964 461	121 242 584	127 210 979
<b>Net Balances</b>	<b>183 977</b>	<b>194 798</b>	<b>181 479</b>	<b>5 209 488</b>	<b>5 769 742</b>

**5.2 Summary of Assessment Rates and Service Charges Debtors by Customer Classification**

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2023</b>				
<u>Current:</u>				
0 - 30 days	(15 629)	68 445	8 132	1 208
<u>Past Due:</u>				
31 - 60 Days	5 111	45 373	16 236	1 203
61 - 90 Days	6 263	43 733	16 143	1 195
+ 90 Days	71 958	3 246 309	656 569	47 814
Sub-total	67 703	3 403 861	697 079	51 420
Less: Provision for Impairment	(89 760)	3 315 888	720 864	45 139
<b>Total Rates &amp; Service Debtors by Customer Classification</b>	<b>157 463</b>	<b>87 973</b>	<b>(23 784)</b>	<b>6 282</b>

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2022</b>				
<u>Current:</u>				
0 - 30 days	(13 080)	7 334	4 941	22 660
<u>Past Due:</u>				
31 - 60 Days	15 500	14 385	5 716	15 793
61 - 90 Days	15 679	8 365	5 638	14 105
+ 90 Days	1 919 122	203 074	307 424	974 224
Sub-total	1 937 222	233 159	323 718	1 026 782
Less: Provision for Impairment	1 792 222	251 517	205 125	1 009 649
<b>Total Rates &amp; Service Debtors by Customer Classification</b>	<b>145 000</b>	<b>(18 358)</b>	<b>118 593</b>	<b>17 133</b>

**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>5.3 Reconciliation of Provision for Impairment</b>		
Balance at Beginning of year	127 210 979	106 378 617
Impairment Losses Recognised	54 892 058	20 832 362
Impairment Losses Reversed	(109 274 949)	-
<b>Balance at end of year</b>	<b><u>72 828 087</u></b>	<b><u>127 210 979</u></b>

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

**6. CASH AND CASH EQUIVALENTS**

Current Investments	476 180	451 983
Bank Accounts	2 000 006	2 586 119
Cash on Hand	2 900	2 900
<b>Total Bank, Cash and Cash Equivalents</b>	<b><u>2 479 086</u></b>	<b><u>3 041 002</u></b>

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

**6.1 Current Investment Deposits**

Call Deposits	476 180	451 983
<b>Total Current Investment Deposits</b>	<b><u>476 180</u></b>	<b><u>451 983</u></b>

The Municipality has the following investment accounts:

	Bank Statement Balances		Cash Book Balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
ABSA Bank - Account Number 50 6431 4329 (Call Deposit)	471 861	447 664	471 861	447 664
Standard Bank - Account Number 2887048000 (Money Market)	4 319	4 319	4 319	4 319
	<b><u>476 180</u></b>	<b><u>451 983</u></b>	<b><u>476 180</u></b>	<b><u>451 983</u></b>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 0% to 6,85% (2022: 2,23% to 4,50%) per annum.

**6.2 Bank Accounts**

Cash in Bank	2 000 006	2 586 119
<b>Total Bank Accounts</b>	<b><u>2 000 006</u></b>	<b><u>2 586 119</u></b>



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
The Municipality has the following operational bank accounts:		
<b>Primary Bank Account</b>		
Cash book balance at beginning of year	2 586 119	7 940 384
Cash book balance at end of year	<u>2 000 006</u>	<u>2 586 119</u>
ABSA Bank - Laingsburg Branch - Cheque Account Number: 25040140874		
Bank statement balance at beginning of year	1 842 723	6 016 949
Bank statement balance at end of year	<u>1 403 464</u>	<u>1 842 723</u>
Standard Bank - Laingsburg Branch - Cheque Account Number: 203247663		
Bank statement balance at beginning of year	847 244	1 688 133
Bank statement balance at end of year	<u>553 785</u>	<u>847 244</u>
The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.		
<b>6.3 Cash and Cash Equivalents</b>		
Cash Floats and Advances	2 900	2 900
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<u><b>2 900</b></u>	<u><b>2 900</b></u>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**7. PROPERTY, PLANT AND EQUIPMENT**

**30 June 2023**

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
<b>Carrying values at 01 July 2022</b>	<b>24 079 175</b>	<b>2 550 171</b>	<b>217 255 024</b>	<b>14 838 051</b>	<b>1 965 328</b>	<b>2 840 401</b>	<b>263 528 149</b>
Cost	24 079 175	11 056 744	410 263 075	34 037 922	5 712 669	6 437 616	491 587 201
- Completed Assets	24 079 175	11 056 744	396 084 757	34 037 922	5 712 669	6 437 616	477 408 883
- Under Construction	-	-	14 178 318	-	-	-	14 178 318
Accumulated Impairment Losses	-	(334 722)	(1 549 655)	(155 654)	(127 763)	(30 299)	(2 198 092)
Accumulated Depreciation	-	(8 171 851)	(191 458 397)	(19 044 217)	(3 619 578)	(3 566 916)	(225 860 960)
Acquisition of Assets							
- Cost	-	-	11 696 908	-	62 944	58 513	11 818 365
- Capital Under Construction	-	-	9 594 182	-	-	-	9 594 182
Decommissioning and other Liabilities	-	-	(904 495)	-	-	-	(904 495)
Depreciation	-	(116 198)	(10 648 275)	(641 106)	(347 028)	(352 531)	(12 105 137)
Carrying value of Disposals:	(40 040)	-	(4 364 763)	(6 680)	-	-	(4 411 483)
- Cost	(40 040)	-	(17 481 977)	(25 613)	(240 630)	(76 383)	(17 864 643)
- Accumulated Impairment Losses	-	-	61 616	-	72 220	30 299	164 135
- Accumulated Depreciation	-	-	13 055 597	18 934	168 410	46 084	13 289 025
Impairment Losses	-	-	(1 392 660)	(11 177)	(82 472)	(284 651)	(1 770 960)
<b>Carrying values at 30 June 2023</b>	<b>24 039 135</b>	<b>2 433 972</b>	<b>221 235 921</b>	<b>14 179 089</b>	<b>1 598 772</b>	<b>2 261 732</b>	<b>265 748 621</b>
Cost	24 039 135	11 056 744	413 167 694	34 012 308	5 534 982	6 419 746	494 230 609
- Completed Assets	24 039 135	11 056 744	389 395 194	34 012 308	5 534 982	6 419 746	470 458 109
- Under Construction	-	-	23 772 500	-	-	-	23 772 500
Accumulated Impairment Losses	-	(334 722)	(2 880 698)	(166 831)	(138 014)	(284 651)	(3 804 916)
Accumulated Depreciation	-	(8 288 049)	(189 051 075)	(19 666 389)	(3 798 196)	(3 873 363)	(224 677 072)





**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**30 June 2022**

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
<b>Carrying values at 01 July 2021</b>	<b>24 079 175</b>	<b>2 691 970</b>	<b>231 395 394</b>	<b>16 619 143</b>	<b>2 083 448</b>	<b>2 960 238</b>	<b>279 829 367</b>
Cost	24 079 175	11 082 377	413 648 301	35 374 165	5 821 111	6 948 678	496 953 807
- Completed Assets	24 079 175	11 082 377	398 597 576	35 374 165	5 821 111	6 948 678	481 903 081
- Under Construction	-	-	15 050 725	-	-	-	15 050 725
Accumulated Impairment Losses	-	(334 722)	(201 601)	(155 654)	(49 483)	(25 591)	(767 050)
Accumulated Depreciation	-	(8 055 685)	(182 051 306)	(18 599 369)	(3 688 180)	(3 962 849)	(216 357 389)
Acquisition of Assets							
- Cost	-	10 367	10 600 602	-	466 208	542 600	11 619 777
- Capital Under Construction	-	-	(872 407)	-	-	-	(872 407)
Decommissioning and other Liabilities	-	-	(11 980 598)	-	-	-	(11 980 598)
Depreciation	-	(120 287)	(10 464 724)	(709 949)	(352 835)	(389 016)	(12 036 811)
Carrying value of Disposals:	-	(31 879)	(75 190)	(1 071 142)	(134 052)	(183 123)	(1 495 386)
- Cost	-	(36 000)	(1 132 823)	(1 336 243)	(574 650)	(1 053 662)	(4 133 378)
- Accumulated Impairment Losses	-	-	-	-	19 161	85 591	104 752
- Accumulated Depreciation	-	4 121	1 057 633	265 101	421 437	784 949	2 533 240
Impairment Losses	-	-	(1 348 054)	-	(97 441)	(90 299)	(1 535 793)
<b>Carrying values at 30 June 2022</b>	<b>24 079 175</b>	<b>2 550 171</b>	<b>217 255 024</b>	<b>14 838 051</b>	<b>1 965 328</b>	<b>2 840 401</b>	<b>263 528 149</b>
Cost	24 079 175	11 056 744	410 263 075	34 037 922	5 712 669	6 437 616	491 587 201
- Completed Assets	24 079 175	11 056 744	396 084 757	34 037 922	5 712 669	6 437 616	477 408 883
- Under Construction	-	-	14 178 318	-	-	-	14 178 318
Accumulated Impairment Losses	-	(334 722)	(1 549 655)	(155 654)	(127 763)	(30 299)	(2 198 092)
Accumulated Depreciation	-	(8 171 851)	(191 458 397)	(19 044 217)	(3 619 578)	(3 566 916)	(225 860 960)

The prior year amount for Property, Plant and Equipment has been adjusted. Refer to Note 43.4 on "Correction of Error" for details of the restatement.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>7. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
Included in "Acquisition of Assets - Capital Under Construction" are the following projects written off directly since the projects will not carry future economic benefits and therefore they will not materialise into an infrastructure asset, which also accounts for the acquisitions being in credit:		
LLM_2021_005                      Bergsig Reservoir	-	40 292
LLM_2021_008                      Zoutekloof Fountain Rehabilitation	-	89 444
LLM_2021_014                      Installation of Water Meters	-	1 176 476
LLM_2021_015                      New Floating Aerators at Waste Water Treatment Plant	-	8 044
LLM_2021_016                      Demand Management and Metering	-	371 305
	-	1 685 562
<b>Summary of WIP Written-off / Disposed</b>		
Written-off to Disposals	-	1 306 213
Expensed to Operating Expenses	-	379 349
	-	1 685 562
<b>7.1 Impairment of Property, Plant and Equipment</b>		
Impairment Losses on Property, Plant and Equipment to the amount of R1 770 960 (2022: R1 535 793) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 33.		
Community Assets	11 177	-
Infrastructure	1 392 660	1 348 054
Other Assets	82 472	97 441
Transport Assets	284 651	90 299
<b>Total Impairment of Property, Plant and Equipment</b>	<b>1 770 960</b>	<b>1 535 793</b>
Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant and idle.		
<b>7.2 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed</b>		
A change in the estimated useful life of various assets of the municipality has resulted in the following decreases in depreciation for the mentioned asset classes for the financial year:		
Buildings	(9 417)	-
Infrastructure	(61 053)	-
Other Assets	(73 794)	(6 462)
<b>Total Change in Estimate for Useful Life of Property, Plant and Equipment</b>	<b>(144 264)</b>	<b>(6 462)</b>
<b>7.3 Work-in-Progress</b>		
The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:		
Infrastructure	23 772 500	14 178 318
<b>Total Carrying Amounts of Work-in-Progress</b>	<b>23 772 500</b>	<b>14 178 318</b>

**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**2023**  
R

**2022**  
R

**7.4 Delayed Projects**

Project Details	Delayed or Halted		
Infrastructure Asset			
New Switching Substation	Delayed	5 218 686	5 218 686
<b>Reason:</b> Waiting on Eskom to do switch over, whereafter final completion certificate can be issued			
<b>Total Carrying Amounts of Delayed or Halted Projects</b>		<b>5 218 686</b>	<b>5 218 686</b>

The prior year's amount has been restated in terms of a 2022 finding issued by the Auditor General.

**7.5 Expenditure incurred for Repairs and Maintenance**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Electrical Infrastructure	654 556	210 170
- Contracted Services	654 556	210 170
Sanitation Infrastructure	13 757	37 097
- Contracted Services	13 757	37 097
Water Supply Infrastructure	2 816	-
- Contracted Services	2 816	-
Community Assets	1 970	7 412
- Contracted Services	1 970	7 412
Furniture and Office Equipment	2 376	2 035
- Contracted Services	2 376	2 035
Machinery and Equipment	(180 649)	529 323
- Contracted Services	(180 649)	529 323
Other Assets - Buildings	306 428	142 570
- Contracted Services	306 428	142 570
Transport Assets	777 868	692 302
- Contracted Services	777 868	692 302
<b>Total Expenditure related to Repairs and Maintenance Projects</b>	<b>1 579 123</b>	<b>1 620 910</b>



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>8. INTANGIBLE ASSETS</b>		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>263 637</u>	<u>349 850</u>
The movement in Intangible Assets is reconciled as follows:		
<b>Software Purchased:</b>		
<b>Carrying values at 01 July</b>	<b>349 850</b>	<b>519 832</b>
Cost	1 425 715	1 697 511
Accumulated Amortisation	(1 075 865)	(1 177 679)
Acquisitions:	-	-
Purchased	-	-
Amortisation:	(86 213)	(104 124)
Purchased	(86 213)	(104 124)
Disposals:	-	(65 858)
At Cost	-	(271 796)
At Accumulated Amortisation	-	205 938
<b>Carrying values at 30 June</b>	<b>263 637</b>	<b>349 850</b>
Cost	1 425 715	1 425 715
Accumulated Amortisation	(1 162 078)	(1 075 865)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 32).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

**8.1 Significant Intangible Assets**

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

- (i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

**8.2 Intangible Assets with Indefinite Useful Lives**

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.



**LAINSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	<b>2023</b>	<b>2022</b>
	R	R
<b>9. INVESTMENT PROPERTY</b>		
At Cost less Accumulated Depreciation	<u><b>22 152 686</b></u>	<u><b>22 638 304</b></u>
The movement in Investment Property is reconciled as follows:		
<b>Carrying values at 1 July</b>	<b>22 638 304</b>	<b>22 704 553</b>
Cost	24 338 687	24 338 687
Accumulated Depreciation	(1 700 383)	(1 634 135)
Acquisitions during the Year	-	-
Cost	-	-
Depreciation during the Year	(66 248)	(66 248)
Disposals during the Year:	(419 370)	-
At Cost	(419 370)	-
At Accumulated Depreciation	-	-
<b>Carrying values at 30 June</b>	<b>22 152 686</b>	<b>22 638 304</b>
Cost	23 919 317	24 338 687
Accumulated Depreciation	(1 766 631)	(1 700 383)
Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:		
Rental Revenue earned from Investment Property	1 648 541	1 578 190
Direct Operating Expenses - incurred to generate rental revenue	167 563	88 161



**LAINSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**10. HERITAGE ASSETS**

**30 June 2023**

**Reconciliation of Carrying Value**

	R	R	R	R	R	R
<b>Carrying values at 01 July 2022</b>	<b>43 354</b>	-	-	-	-	<b>43 354</b>
Cost	43 354	-	-	-	-	43 354
Acquisitions	-	-	-	-	-	-
<b>Carrying values at 30 June 2023</b>	<b>43 354</b>	-	-	-	-	<b>43 354</b>
Cost	43 354	-	-	-	-	43 354

**30 June 2022**

**Reconciliation of Carrying Value**

	R	R	R	R	R	R
<b>Carrying values at 01 July 2021</b>	<b>43 354</b>	-	-	-	-	<b>43 354</b>
Cost	43 354	-	-	-	-	43 354
Acquisitions	-	-	-	-	-	-
<b>Carrying values at 30 June 2022</b>	<b>43 354</b>	-	-	-	-	<b>43 354</b>
Cost	43 354	-	-	-	-	43 354

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>11. LEASE RECEIVABLES</b>		
Current Lease Receivables	40 308	29 341
<b>Total Lease Receivables</b>	<b>40 308</b>	<b>29 341</b>

**11.1 Operating Lease Receivables**

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	29 341	15 266
Operating Lease - Straight lining	45 151	45 151
Operating Lease Revenue effected	(34 184)	(31 076)
<b>Total Operating Lease Receivables</b>	<b>40 308</b>	<b>29 341</b>

**11.1.1 Leasing Arrangements**

**The Municipality as Lessor:**

Operating Leases relate to Property owned by the municipality with a lease term of 9 years and 11 months.

The lease amount is escalated annually by 10%.

**11.1.2 Amounts receivable under Operating Leases**

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

Up to 1 year	37 594	34 184
2 to 5 years	191 906	174 472
More than 5 years	127 115	182 143
<b>Total Operating Lease Arrangements</b>	<b>356 615</b>	<b>390 799</b>

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R10 968 (2022: increase of R14 075) in current year income.

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

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

**12. LONG-TERM RECEIVABLES**

Service Debtors	525 438	620 464
<b>Non-Current Portion of Long Term Receivables</b>	<b>525 438</b>	<b>620 464</b>

**SERVICE DEBTORS**

Arrear amounts on services are capitalised on completion of a formal agreement. These arrear amounts are then paid to the municipality in monthly affordable instalments, determined by mutual agreement. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

**12.1 Amounts receivable under Long-term Receivables**

Up to 1 year	-	-
2 to 5 years	227 853	279 746
More than 5 years	297 585	340 718
<b>Total Long-term Receivables</b>	<b>525 438</b>	<b>620 464</b>

**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>13. CONSUMER DEPOSITS</b>		
Electricity	222 676	234 176
Water	535 862	472 862
Other Deposits:-	171 069	142 734
- Hiring of Decorative Items	5 530	5 530
- Posters	3 000	3 000
- Rental Properties	162 540	134 204
<b>Total Consumer Deposits</b>	<b>929 607</b>	<b>849 771</b>

**Consumer Deposits - Electricity and Water**

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

**Consumer Deposits - Decorative Items**

Deposits are paid for cutlery and crockery. Deposits are not repaid in the case of missing or broken cutlery/crockery.

**Consumer Deposits - Posters**

Deposits are paid for posters displayed. Deposits are forfeited when posters are not removed.

**Consumer Deposits - Rental Properties**

Deposits are paid for the rental of properties. Deposits will not be repaid in the case of outstanding rent or in the case of property being damaged.

No interest is paid on Consumer Deposits held.

**14. PAYABLES FROM EXCHANGE TRANSACTIONS**

Bonus	797 956	878 822
Leave Accrual	1 799 636	1 887 050
Other Payables	140 566	27 166
Control, Clearing and Interface Accounts	134 189	20 789
Unallocated Deposits	6 377	6 377
Retentions	1 537 850	838 260
Trade Creditors	11 805 732	12 017 238
Auditor-General of South Africa	6 472 629	6 445 940
Payables and Accruals	5 333 102	5 571 299
Advance Payments	4 315 608	106 423
<b>Total Payables from Exchange Transactions</b>	<b>20 397 348</b>	<b>15 754 959</b>

The prior year amount for Payables from Exchange Transactions has been adjusted. Refer to Note 43.3 on "Correction of Error" for details of the restatement.

**Staff Bonuses** accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

**Staff Leave** accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.





**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**2023**  
R

**2022**  
R

The average credit period on purchases is 80 (2022: 94) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

The municipality did default on payment of its Creditors. However, no terms for payment have been re-negotiated by the municipality.

**15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

National Government	547 968	661 213
Provincial Government	600 187	1 049 705
<b>Total Unspent Conditional Grants and Receipts</b>	<b>1 148 155</b>	<b>1 710 918</b>

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 22 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**16. LEASE PAYABLES**

Current Lease Payables	2 302	2 998
<b>Total Lease Payables</b>	<b>2 302</b>	<b>2 998</b>

**16.1 Operating Lease Payables**

Balance at beginning of year	2 998	743
Operating Lease Expenses recorded	31 754	31 754
Operating Lease Payments effected	(32 450)	(29 500)
<b>Total Operating Lease Liabilities</b>	<b>2 302</b>	<b>2 998</b>

**16.1.1 Leasing Arrangements**

**The Municipality as Lessee:**

Operating Leases relate to Office Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

2023  
R

2022  
R

**16.1.2 Amounts Payable under Operating Leases**

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

<b>Office Equipment:</b>	161 118	619 413
Up to 1 year	161 118	457 164
2 to 5 years	-	162 249
<b>Total Operating Lease Arrangements</b>	<b>161 118</b>	<b>619 413</b>

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	31 754	31 754
<b>Total Operating Lease Expenses</b>	<b>31 754</b>	<b>31 754</b>

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

The following restrictions have been imposed on the Municipality in terms of the lease agreements on Rental of Office Equipment:

- (i) The equipment shall remain the property of the lessor.
- (ii) The lessee shall not sell, sublet, cede, loan, pledge, transfer or otherwise encumber the equipment.
- (iii) The lessee may not alter or modify the goods.
- (iv) The lessor is entitled to cede and/or delegate, without notice to the lessee, all or any of its rights and/or obligations.
- (v) The equipment may only be serviced by the lessor or its designated service provider.
- (vi) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.

**17. EMPLOYEE BENEFIT LIABILITIES**

<b>Employee Benefit Liabilities</b>	6 328 000	6 256 000
Post-retirement Health Care Benefits Liability	4 556 000	4 760 000
Long Service Awards Liability	1 772 000	1 496 000
<b>Less: Current Portion of Employee Benefit Liabilities</b>	407 000	242 000
Post-retirement Health Care Benefits Liability	129 000	121 000
Long Service Awards Liability	278 000	121 000
<b>Non-Current Portion of Employee Benefit Liabilities</b>	<b>5 921 000</b>	<b>6 014 000</b>

**17.1 Current Portion of Employee Benefit Liabilities**

The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:

	Medical Aid R	Pension Fund R	Long-term Service R
<b>30 June 2023</b>			
Opening Balance	121 000	-	121 000
Increases	-	-	278 000
Current service cost	129 000	-	-
Actual employer benefit payments	(121 000)	-	(121 000)
<b>Balance at end of year</b>	<b>129 000</b>	<b>-</b>	<b>278 000</b>



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	Medical Aid	Pension Fund	Long-term Service
	R	R	R
<b>30 June 2022</b>			
Opening Balance	117 000	-	150 000
Increases	-	-	121 000
Current service cost	121 000	-	-
Actual employer benefit payments	(117 000)	-	(150 000)
<b>Balance at end of year</b>	<b>121 000</b>	<b>-</b>	<b>121 000</b>

	2023	2022
	R	R
<b>17.2 Post-retirement Health Care Benefits Liability</b>		
Opening Balance	4 760 000	4 417 000
Interest Cost	542 000	450 000
Current Service Cost	198 000	211 000
Actual Employer Benefit Payments	(121 000)	(117 000)
Actuarial Loss/ (Gain) recognised in the year	(823 000)	(201 000)
Balance at end of Year	4 556 000	4 760 000
Transfer to Current Provisions	129 000	121 000
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>4 427 000</b>	<b>4 639 000</b>

The municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

The two current continuation members and their eligible dependants receive a 70% subsidy. At this valuation, there were not yet any continuation members entitled to a 60% subsidy.

All 60% post-employment subsidies are subject to a maximum of R5 277 per principal member per month, for the year ending 30 June 2024. The maximum subsidy amount has been assumed to increase annually on 1 July at 75% of salary inflation.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr C Weiss, 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.

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

In-service Members (Employees)	25	27
In-service Non-members (Employees)	40	40
Continuation Members (Retirees, widowers and orphans)	2	2
<b>Total Members</b>	<b>67</b>	<b>69</b>

## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
The liability in respect of past service has been estimated as follows:		
In-service Members	2 476 000	2 890 000
In-service Non-members	635 000	363 000
Continuation Members	1 445 000	1 507 000
<b>Total Liability</b>	<b>4 556 000</b>	<b>4 760 000</b>

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

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

The Current-service Cost for the year ending 30 June 2023 is estimated to be R198 000, whereas the cost for the ensuing year is estimated to be R169 000 (30 June 2022: R211 000 and R198 000 respectively).

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

Discount Rate	12.54%	11.53%
Health Care Cost Inflation Rate	8.26%	8.14%
Net Effective Discount Rate	3.95%	3.13%
Expected Retirement Age - Females	62	59
Expected Retirement Age - Males	62	62

General:

It is assumed that the municipality's health care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits receivable and the contributions payable would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

Continuation of Membership:

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

Family Profile:

It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, it has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependant. For current retiree members, actual subsidised spouse dependants were used and the potential for remarriage was ignored.

Discount Rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 12.54% per annum has been used. The corresponding index-linked yield at this term is 4.94%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 19 June 2023.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**2023**  
R

**2022**  
R

**Impact of COVID-19:**

It is difficult to estimate what impact the pandemic is likely to have on the municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in expected longevity.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

The possible effects of COVID-19 have not been included in the report's main figures.

**2023**  
R

**2022**  
R

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

Opening Balance	4 760 000	4 417 000
Interest Cost	542 000	450 000
Current Service Cost	198 000	211 000
Benefits Paid	(121 000)	(117 000)
Actuarial Losses / (Gains)	(823 000)	(201 000)

**Total Recognised Benefit Liability**

**4 556 000**      **4 760 000**

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

Present Value of Fund Obligations	4 556 000	4 760 000
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**Total Benefit Liability**

**4 556 000**      **4 760 000**

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

Current service cost	198 000	450 000
Interest cost	542 000	211 000
Actuarial losses / (gains)	(823 000)	(201 000)

**Total Post-retirement Benefit included in Employee Related Costs (Note 30.)**

**(83 000)**      **460 000**

**The history of fair values are as follows:**

	2023 R	2022 R	2021 R	2020 R	2019 R
Present Value of Defined Benefit Obligation	4 556 000	4 760 000	4 417 000	3 360 000	3 626 158
<b>Deficit</b>	<b><u>4 556 000</u></b>	<b><u>4 760 000</u></b>	<b><u>4 417 000</u></b>	<b><u>3 360 000</u></b>	<b><u>3 626 158</u></b>
Experienced adjustments on Plan Liabilities	(529 000)	(204 000)	61 000	92 000	349 000



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**2023**  
R

**2022**  
R

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

**Increase:**

Effect on the aggregate of the current service cost and the interest cost	89 000	89 000
Effect on the defined benefit obligation	465 000	554 000

**Decrease:**

Effect on the aggregate of the current service cost and the interest cost	(89 000)	(86 000)
Effect on the defined benefit obligation	(481 000)	(550 000)

The municipality expects to make a contribution of R732 000 (2022: R740 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 50, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**17.3 Long Service Awards Liability**

Opening Balance	1 496 000	1 368 000
Increases	125 000	115 000
Payments Made	(121 000)	(150 000)
Other Reductions	115 000	38 000
Increases (Passage of Time/Discounted Rate)	157 000	125 000
Balance at end of Year	1 772 000	1 496 000
Transfer to Current Provisions	278 000	121 000
<b>Total Long Service Awards Liability</b>	<b>1 494 000</b>	<b>1 375 000</b>

The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr C Weiss, 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, 65 (2022: 67) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2023 is estimated to be R125 000, whereas the cost for the ensuing year is estimated to be R127 000 (30 June 2022: R115 000 and R125 000 respectively).

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

Discount Rate	10.92%	10.92%
Cost Inflation Rate	7.11%	7.11%
Net Effective Discount Rate	3.56%	3.56%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

**General:**

It is assumed that the Municipality's long service arrangements would remain as outlined in the accounting policy, and that the level of benefits would remain unchanged, with the exception of inflationary adjustments.



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2023  
R

2022  
R

#### Discount Rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.58% per annum has been used. The corresponding liability-weighted index-linked yield is 4.88%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 19 June 2023. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process. The duration of the total liability was estimated to be 9 years.

#### Impact of COVID-19:

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

The possible effects of COVID-19 have not been included in the report's main figures.

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

Opening Balance	1 496 000	1 368 000
Interest Cost	157 000	125 000
Current Service Cost	125 000	115 000
Benefits Paid	(121 000)	(150 000)
Actuarial Losses / (Gains)	115 000	38 000
<b>Total Recognised Benefit Liability</b>	<b><u>1 772 000</u></b>	<b><u>1 496 000</u></b>

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

Present value of fund obligations	1 772 000	1 496 000
<b>Total Benefit Liability</b>	<b><u>1 772 000</u></b>	<b><u>1 496 000</u></b>

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

Current service cost	125 000	115 000
Interest cost	157 000	125 000
Actuarial losses / (gains)	115 000	38 000
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 30.)</b>	<b><u>397 000</u></b>	<b><u>278 000</u></b>

#### The history of experienced adjustments is as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Present Value of Defined Benefit Obligation	1 772 000	1 496 000	1 368 000	1 401 000	1 265 607
<b>Deficit</b>	<b><u>1 772 000</u></b>	<b><u>1 496 000</u></b>	<b><u>1 368 000</u></b>	<b><u>1 401 000</u></b>	<b><u>1 265 607</u></b>
Experienced adjustments on Plan Liabilities	206 000	55 000	114 888	29 045	85 267



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**2023**  
R

**2022**  
R

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

**Increase:**

Effect on the aggregate of the current service cost and the interest cost	21 000	19 000
Effect on the defined benefit obligation	103 000	102 000

**Decrease:**

Effect on the aggregate of the current service cost and the interest cost	(19 000)	(18 000)
Effect on the defined benefit obligation	(93 000)	(91 000)

The municipality expects to make a contribution of R317 000 (2022: R282 000) to the defined benefit plans during the next financial year.

**18. PROVISIONS**

Current Provisions	-	-
Non-current Provisions	20 175 553	18 780 166
<b>Total Provisions</b>	<b>20 175 553</b>	<b>18 780 166</b>

**18.1 Non-current Provisions**

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	18 626 702	17 446 357
Insurance Workmen's Compensation Act	1 548 851	1 333 809
<b>Total Non-current Provisions</b>	<b>20 175 553</b>	<b>18 780 166</b>

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

	Insurance Workmen's Compensation Act R	Decommissioning of Landfill Sites R
<b>30 June 2023</b>		
Opening Balance	1 333 809	17 446 357
Increases	215 042	-
Fair Value Changes	-	(904 495)
Increases (Passage of Time/Discounted Rate)	-	2 084 840
<b>Balance at end of year</b>	<b>1 548 851</b>	<b>18 626 702</b>

	Insurance Workmen's Compensation Act R	Decommissioning of Landfill Sites R
<b>30 June 2022</b>		
Opening Balance	1 154 412	26 966 357
Increases	179 397	-
Fair Value Changes	-	(11 980 598)
Increases (Passage of Time/Discounted Rate)	-	2 460 599
<b>Balance at end of year</b>	<b>1 333 809</b>	<b>17 446 357</b>





**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**2023**  
R

**2022**  
R

**Decommissioning, Restoration and Similar Liabilities: Landfill Sites**

Landfill site decommissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average investing rate based on Government Bond Yield Rates.

**Insurance Workmen's Compensation Act**

The provision for WCA insurance is made in terms of the Workmen's Compensation Act. The provision is calculated based on the Compensation Commissioner returns submitted and the amount is payable on assessment by the Workmen's Compensation Commissioner.

**18.2 Rehabilitation of Land-fill Sites**

In terms of the licencing of the landfill refuse site, the Municipality will incur licencing and rehabilitation costs of R26 134 142 (2022: R24 739 847 to restore the site at the end of its useful live. Provision has been made for the net present value of the future cost, using the average bond yield interest rate.

As measured in the topographical survey, the available airspace has been exhausted. It was recommended that the Municipality applies for a height extension in order to increase the operational lifetime of the landfill site.

It was assumed that a closure licence will be issued in 2022 and rehabilitation will commence by 2027. The first post-closure year was assumed to be 2028.

	<b>Proposed Date of Rehabilitation</b>		
Laingsburg Landfill	2026/27	26 134 142	24 739 847
		<b>26 134 142</b>	<b>24 739 847</b>
		<b>26 134 142</b>	<b>24 739 847</b>

**19. ACCUMULATED SURPLUS**

Accumulated Surplus / (Deficit) due to the results of Operations	259 073 502		264 962 637
<b>Total Accumulated Surplus</b>	<b>259 073 502</b>		<b>264 962 637</b>
	<b>259 073 502</b>		<b>264 962 637</b>

The prior year amount for Accumulated Surplus has been adjusted. Refer to Note 42.1 on "Correction of Error" for details of the restatement.

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



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
<b>19. PROPERTY RATES</b>		
	<b>Actual Levies</b>	
	<b>July 2023</b>	<b>July 2022</b>
Property Rates Levies	5 642 393	5 353 363
Rates Rebates	(462 871)	(695 986)
<b>Total Property Rates</b>	<b>5 179 522</b>	<b>4 657 378</b>

The prior year's amount for rates rebates has been restated in terms of a 2022 finding issued by the Auditor General.

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2018. A request for extension of the valid period for the valuation roll has been submitted to the MEC for local government and was approved with the condition that the next valuation has to come into effect on 1 July 2024.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

- Agricultural Properties: 0,2720 c/R (2021/22: 0,2570 c/R)
- Business and Commercial Properties: 1,0890 c/R (2021/22: 1,0270 c/R)
- Public Benefit Organisation Properties: 0,2720 c/R (2021/22: 0,2570 c/R)
- Residential Properties: 1,0890 c/R (2021/22: 1,0270 c/R)
- State Owned Properties: 2,1780 c/R (2021/22: 2,0540 c/R)
- Vacant and Other Properties: 1,0890 c/R (2021/22: 1,0270 c/R)

Public Benefit Organisations are exempted from the payment of rates, whilst the first R15 000,00 of the valuation on improved residential properties is exempted from the payment of rates.

#### 20. FINES, PENALTIES AND FORFEITS

Traffic Fines:	54 091 755	23 988 594
Municipal	54 091 755	23 988 594
Other Fines:	336	1 580
Overdue Books Fine	336	1 580
<b>Total Fines, Penalties and Forfeits</b>	<b>54 092 091</b>	<b>23 990 174</b>

#### 21. LICENCES AND PERMITS

	Exchange Transactions 2023 R	Exchange Transactions 2022 R	Non-Exchange Transactions 2023 R	Non-Exchange Transactions 2022 R
Road and Transport:	194 405	467 255	-	-
Activities on Public Roads	1 769	2 784	-	-
Drivers Licence Application/Duplicate Drivers Licences	5 477	5 544	-	-
Learner Licence Application	22 058	49 415	-	-
Learners Certificate	160 481	399 712	-	-
Motor Vehicle Licence	4 620	9 800	-	-
<b>Total Licences and Permits</b>	<b>194 405</b>	<b>467 255</b>	<b>-</b>	<b>-</b>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>22. TRANSFERS AND SUBSIDIES RECEIVED</b>		
<b>Capital Grants</b>	23 886 500	12 903 787
Allocations In-kind	-	-
Monetary Allocations	23 886 500	12 903 787
<b>Operational Grants</b>	29 824 685	31 827 649
Allocations In-kind	4 471 440	7 264 150
Monetary Allocations	25 353 245	24 563 499
<b>Total Transfers and Subsidies Received</b>	<b>53 711 185</b>	<b>44 731 436</b>

**22.1 Summary of Grants:**

**22.1.1 Capital Grants**

	Allocations In-kind		Monetary Allocations	
	2023	2022	2023	2022
National Governments	-	-	23 886 500	12 403 787
Provincial Government	-	-	-	500 000
<b>Total Capital Grants Received</b>	<b>-</b>	<b>-</b>	<b>23 886 500</b>	<b>12 903 787</b>

**22.1.2 Operational Grants**

	Allocations In-kind		Monetary Allocations	
	2023	2022	2023	2022
Departmental Agencies and Accounts	-	-	52 502	42 795
District Municipalities	-	-	-	400 000
National Governments	4 471 440	7 264 150	3 427 967	3 779 468
National Revenue Fund	-	-	20 139 000	18 460 990
Private Enterprises	-	-	-	36 500
Provincial Government	-	-	1 733 775	1 843 746
<b>Total Operational Grants Received</b>	<b>4 471 440</b>	<b>7 264 150</b>	<b>25 353 245</b>	<b>24 563 499</b>
<b>Total Transfers and Subsidies Received</b>	<b>4 471 440</b>	<b>7 264 150</b>	<b>49 239 745</b>	<b>37 467 286</b>

	2023 R	2022 R
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**22.2 Detailed Summaries**

**22.2.1 Equitable Share**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	19 478 000	11 358 000
Conditions Met - Transferred to Revenue	(20 139 000)	(18 461 000)
Adjustments / Refunds	661 000	7 103 000
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. This grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing towards the consumer account. The subsidy is determined annually by Council. All indigent consumers receive 6 kilolitre water and 50kWh electricity free every month. Funds have been withheld. Refer to notes below.

The prior year's amounts have been restated in terms of a 2022 finding issued by the Auditor General.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>22.2.2 Sector Education and Training Authority (SETA)</b>		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	52 502	42 795
Conditions Met - Transferred to Revenue	(52 502)	(42 795)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

The Purpose of the Discretionary Grants is to assist the SETA to achieve its objectives in relation to the development of the sector skills and enable the SETA to address the scarce and critical Skills in the sector. Discretionary Grants are allocated at the sole discretion of the SETA Accounting Authority depending on the availability of funds, adherence to specific criteria as per the Services SETA Discretionary Grants Policy and Guidelines.

The prior year's amounts have been restated in terms of a 2022 finding issued by the Auditor General.

**22.2.3 National: EPWP Grant**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 074 000	1 098 000
Conditions Met - Transferred to Revenue	(1 074 000)	(1 098 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

The Expanded Public Works Programme (EPWP) grant is received to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines being the maintenance of roads and buildings; low traffic volume roads and rural roads; basic services infrastructure, including water and sewer reticulation, sanitation, pipelines and dams (excluding bulk infrastructure); and other economic and social infrastructure. No funds have been withheld.

The prior year's amounts have been restated in terms of a 2022 finding issued by the Auditor General.

**22.2.4 National: FMG Grant**

Unspent Balance at the Beginning of the Year	50 000	-
Current Year Receipts	1 750 000	1 750 000
Conditions Met - Transferred to Revenue	(1 750 000)	(1 700 000)
Adjustments / Refunds	(50 000)	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>50 000</b>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). Funds have been withheld as indicated above.

**22.2.5 National: MIG Funds**

Unspent Balance at the Beginning of the Year	611 213	-
Current Year Receipts	6 870 000	5 519 000
Conditions Met - Transferred to Revenue	(6 870 000)	(4 907 787)
Adjustments / Refunds	(611 000)	-
<b>Unspent Balance at the End of the Year</b>	<b>213</b>	<b>611 213</b>

This grant is allocated to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities. Funds have been withheld as indicated above.

**22.2.6 Community Development Workers (CDW)**

Unspent Balance at the Beginning of the Year	29 269	45 042
Current Year Receipts	94 000	94 000
Conditions Met - Transferred to Revenue	(95 297)	(109 773)
<b>Unspent Balance at the End of the Year</b>	<b>27 972</b>	<b>29 269</b>

To provide financial assistance to municipalities to cover the operational expenses in respect of the functions of the Community Development Workers (CDW) programme.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>22.2.7 Provincial Library Services</b>		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 595 000	1 684 000
Conditions Met - Transferred to Revenue	(1 595 000)	(1 684 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

This grant was received to support municipal investment in library services and to sustain the future professional delivery and development of such services in the most vulnerable B3 municipalities. No funds have been withheld.

**22.2.8 Local Government Public Employment Support Grant**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	800 000
Conditions Met - Transferred to Revenue	-	(800 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

This grant was received from Local Government to coordinate and ensure the implementation of targeted, short term public employment programs. No funds have been withheld.

The prior year's amounts have been restated in terms of a 2022 finding issued by the Auditor General.

**22.2.9 Local Government Support Grant (COVID)**

Unspent Balance at the Beginning of the Year	-	400 000
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	(400 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

This grant was received to provide financial assistance to district municipalities to perform the administrative and monitoring role, including data management relating to humanitarian relief. To provide financial assistance to local municipalities to augment and support current humanitarian relief initiatives. No funds have been withheld.

	2023 R	2022 R
<b>22.2.10 Main Roads</b>		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	43 478	48 895
Conditions Met - Transferred to Revenue	(43 478)	(48 895)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

This grant was received for the construction/maintenance of proclaimed municipal main roads. No funds have been withheld.

**22.2.11 Local Government Internship Grant**

Unspent Balance at the Beginning of the Year	852 982	852 982
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	-
<b>Unspent Balance at the End of the Year</b>	<b>852 982</b>	<b>852 982</b>

This grant was received to develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance. No funds have been withheld.

The prior year's amount has been restated in terms of a 2022 finding issued by the Auditor General.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>22.2.12 Western Cape Emergency Municipal Load-shedding Relief Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	60 000	-
Conditions Met - Transferred to Revenue	-	-
<b>Unspent Balance at the End of the Year</b>	<b>60 000</b>	<b>-</b>

This grant was received to assist with load-shedding within the municipal area. No funds have been withheld.

**22.2.13 Water Service Infrastructure Grant (DWA)**

Balance unspent at the beginning of the year	0	7 102 990
Current year receipts	17 360 000	7 496 000
Conditions Met - Transferred to Revenue	(17 360 000)	(7 496 000)
Adjustments / Refunds	-	(7 102 990)
<b>Unspent Balance at the End of the Year</b>	<b>0</b>	<b>0</b>

This grant is used for water supply at Matjiesfontein, ground water investigation and the compilation of a water master plan. The water master plan needs to be drafted and submitted and the water meters needs to be installed. Unutilised funds have been refunded.

**22.2.14 Western Cape Municipal Intervention Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts	200 000	500 000
Conditions Met - Transferred to Revenue	(200 000)	(500 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

This grant was received from Local Government to improve infrastructure, systems, structures, corporate governance, service delivery structures, corporate governance, service delivery and compliance with executive obligations.

**22.2.15 Western Cape Financial Management Capacity Grant**

Balance unspent at the beginning of the year	163 128	-
Current year receipts	-	250 000
Conditions Met - Transferred to Revenue	-	(86 872)
<b>Unspent Balance at the End of the Year</b>	<b>163 128</b>	<b>163 128</b>

This grant was received from Local Government to assist to improve overall financial governance.

The prior year's amounts have been restated in terms of a 2022 finding issued by the Auditor General.

**22.2.16 Western Cape Financial Management Support Grant**

Balance unspent at the beginning of the year	4 327	-
Current year receipts	100 000	100 000
Conditions Met - Transferred to Revenue	(60 467)	(95 673)
<b>Unspent Balance at the End of the Year</b>	<b>43 860</b>	<b>4 327</b>

This grant was received from Local Government to assist to improve overall financial governance.

**22.2.17 Total Grants**

Balance unspent at the beginning of the year	1 710 919	8 401 014
Current year receipts	48 676 981	30 740 691
Conditions Met - Transferred to Revenue	(49 239 745)	(37 430 796)
Adjustments / Refunds	-	10
<b>Unspent Balance at the End of the Year</b>	<b>1 148 155</b>	<b>1 710 919</b>

**22.2.18 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2023), government grant funding is expected to not change significantly over the forthcoming three financial years.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>23. SURCHARGES AND TAXES</b>		
Taxes	-	1 035 394
<b>Total Surcharges and Taxes</b>	<b>-</b>	<b>1 035 394</b>

**24. SERVICE CHARGES**

	Exchange Transactions 2023 R	Exchange Transactions 2022 R	Non-Exchange Transactions 2023 R	Non-Exchange Transactions 2022 R
Sale of Electricity;	14 669 872	15 540 164	94 451	97 020
- Service Charges	16 008 473	16 841 693	94 451	97 020
- Revenue Foregone	(1 338 601)	(1 301 529)	-	-
Sale of Water:	2 816 951	3 016 368	64 966	71 343
- Service Charges	4 156 326	4 242 125	64 966	71 343
- Revenue Foregone	(1 339 375)	(1 225 758)	-	-
Refuse Removal:	2 528 404	2 030 025	-	-
- Service Charges	3 633 336	3 038 643	-	-
- Revenue Foregone	(1 104 932)	(1 008 618)	-	-
Sewerage and Sanitation Charges:	2 109 300	1 953 624	116 001	125 499
- Service Charges	3 364 829	3 161 450	116 001	125 499
- Revenue Foregone	(1 255 530)	(1 207 826)	-	-
<b>Total Service Charges</b>	<b>22 124 527</b>	<b>22 540 182</b>	<b>275 418</b>	<b>293 862</b>
- Service Charges	27 162 965	27 283 912	275 418	293 862
- Revenue Foregone	(5 038 438)	(4 743 730)	-	-

The prior year amount for Service Charges has been adjusted. Refer to Note 43.1 on "Correction of Error" for details of the restatement.

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



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>25. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Building Plan Approval	12 075	10 262
Cemetery and Burial	19 570	16 564
Cleaning and Removal	1 460	400
Clearance Certificates	17 742	-
Encroachment Fees	68	(594)
Photocopies and Faxes	3 693	2 450
Removal of Restrictions	21 584	12 750
Sale of Goods	19 088	31 243
Stone and Gravel	22 453	27 312
Valuation Services	1 801	4 363
<b>Total Sales of Goods and Rendering of Services</b>	<b>119 534</b>	<b>104 749</b>

**26. INCOME FROM AGENCY SERVICES**

Commission on Vehicle Registration	184 917	193 586
<b>Total Income from Agency Services</b>	<b>184 917</b>	<b>193 586</b>

Refer to Note 53.2 for more detail on Agency Services rendered.

**27. RENTAL FROM FIXED ASSETS**

<b>Straight-lined Operating Lease Revenue</b>		
Investment Property	10 968	14 075
<b>Other Rental income</b>		
Ad-hoc Rental Income from Other Fixed Assets:	1 720 548	1 740 340
Property Plant and Equipment	1 720 548	1 740 340
<b>Total Rental of Facilities and Equipment</b>	<b>1 731 515</b>	<b>1 754 415</b>

The prior year amount for Rental of Facilities and Equipment has been adjusted. Refer to Note 43.1 on "Correction of Error" for details of the restatement.

Rental income generated are at market related premiums. All rental income recognised is therefore market related.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>28. INTEREST, DIVIDENDS AND RENT ON LAND EARNED</b>		
<b>Non-exchange Receivables:</b>		
Outstanding Billing Debtors	336 710	238 308
<b>Total Non-exchange Interest, Dividends and Rent on Land Earned</b>	<b>336 710</b>	<b>238 308</b>
<b>External Investments:</b>		
Bank Account	391 287	220 830
Investments	24 197	59 325
	<b>415 483</b>	<b>280 155</b>
<b>Outstanding Exchange Receivables:</b>		
Other Interest	96 853	68 851
Long-term Debtors	3 711	3 171
Housing & Housing Selling Schemes	3 711	3 171
Outstanding Billing Debtors	577 079	493 350
Electricity	215 861	230 520
Property Rental Debtors	57 378	32 575
Service Charges	78 548	69 881
Waste Management	72 292	45 760
Waste Water Management	62 197	46 216
Water	90 803	68 397
	<b>677 643</b>	<b>565 371</b>
<b>Rent on Land:</b>		
Rent on Land	4 584	57 518
	<b>4 584</b>	<b>57 518</b>
<b>Total Exchange Interest, Dividends and Rent on Land Earned</b>	<b>1 097 710</b>	<b>903 044</b>
<b>Total Interest, Dividends and Rent on Land Earned</b>	<b>1 434 420</b>	<b>1 141 352</b>

The prior year amount for Interest, Dividends and Rent on Land Earned has been adjusted. Refer to Note 43.1 on "Correction of Error" for details of the restatement.

**29. OPERATIONAL REVENUE**

Commission	19 447	40 279
Request for Information	267	186
Sale of Property	-	55 000
<b>Total Operational Revenue</b>	<b>19 713</b>	<b>95 465</b>

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 19 to 28, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>30. EMPLOYEE RELATED COSTS</b>		
Salaries, Wages and Service Related Benefits:	23 734 416	23 587 294
Basic	22 355 544	22 177 081
Long Service Awards	228 742	(51 619)
Bonusses	307 501	228 273
Leave Payments	95 755	376 843
Overtime	746 874	856 715
Allowances:	2 980 278	2 849 484
Accommodation, Travel and Incidental	36 000	46 161
Acting and Post Related Allowances	236 669	169 199
Bonus Allowance	1 148 489	1 274 493
Cellular and Telephone	45 940	49 440
Fire Brigade	-	21 600
Housing Benefits	68 659	63 053
Standby Allowance	400 771	181 789
Travel or Motor Vehicle	1 043 750	1 043 750
Social Contributions:	3 768 337	3 695 920
Bargaining Council	9 893	9 394
Medical	657 663	797 267
Pension	2 957 100	2 747 695
Unemployment Insurance	143 682	141 564
Post-retirement Benefits:	1 104 445	816 655
Current Service Cost	405 445	404 655
Interest Cost	699 000	575 000
Actuarial Gains and Losses	-	(163 000)
<b>Total Employee Related Costs</b>	<b>31 587 476</b>	<b>30 949 353</b>

The prior year amount for Employee Related Costs has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.

**30.1 Remuneration of Section 57 Employees:**

**Remuneration of the Municipal Manager - J Booyesen**

Annual Remuneration	1 359 553	1 243 691
Performance Bonus	182 188	174 227
Car and Other Allowances	42 000	42 000
Other Payments (Travelling reimbursement)	145 658	-
Company Contributions to UIF, Medical and Pension Funds	17 782	16 848
<b>Total</b>	<b>1 747 180</b>	<b>1 476 766</b>

**30.2 Remuneration of Other Related Parties:**

**Remuneration of the Chief Financial Officer - A Groenewald**

Annual Remuneration	993 216	946 824
Annual Bonus	82 768	78 902
Car and Other Allowances	215 301	214 734
Company Contributions to UIF, Medical and Pension Funds	212 166	202 512
<b>Total</b>	<b>1 503 451</b>	<b>1 442 972</b>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	R	R
<b>Remuneration of the Manager: Community Services - N Hendriks</b>		
Annual Remuneration	663 636	617 820
Annual Bonus	55 303	51 485
Car and Other Allowances	168 991	169 757
Other Payments (Long Service Bonus)	-	35 644
Company Contributions to UIF, Medical and Pension Funds	170 211	140 655
<b>Total</b>	<b>1 058 141</b>	<b>1 015 361</b>
The incumbent was on leave for the period 17 May 2022 to 31 May 2022, for which period an Acting Allowance was paid for.		
<b>Remuneration of Manager: Corporate Services - N Gouws</b>		
Annual Remuneration	648 084	603 348
Annual Bonus	54 007	50 279
Car and Other Allowances	170 888	170 321
Company Contributions to UIF, Medical and Pension Funds	149 479	137 080
<b>Total</b>	<b>1 022 459</b>	<b>961 029</b>
<b>Remuneration of Manager: Infrastructure - J Komanisi</b>		
Annual Remuneration	802 284	746 904
Annual Bonus	66 857	62 242
Car and Other Allowances	196 725	184 455
Company Contributions to UIF, Medical and Pension Funds	208 351	189 449
<b>Total</b>	<b>1 274 217</b>	<b>1 183 050</b>
<b>Remuneration of Budget and Treasury Officer - G Bothma</b>		
Annual Remuneration	712 584	663 384
Annual Bonus	59 382	55 282
Car and Other Allowances	202 073	202 073
Other Payments (Travelling reimbursement)	27 408	-
Company Contributions to UIF, Medical and Pension Funds	139 610	130 004
<b>Total</b>	<b>1 141 056</b>	<b>1 050 743</b>
<b>Remuneration of Supply Chain Officer - K Gertse</b>		
Annual Remuneration	349 836	325 668
Annual Bonus	29 153	27 139
Other Payments (Long Service Bonus / 2021: Travelling reimbursement)	-	12 526
Company Contributions to UIF, Medical and Pension Funds	116 977	96 756
<b>Total</b>	<b>495 966</b>	<b>462 089</b>
	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>

**31. REMUNERATION OF COUNCILLORS**

Executive Mayor	866 487	843 081
Deputy Mayor	422 174	403 508
Speaker	725 736	662 257
MPAC Chairman	69 802	-
Total for All Other Councillors	1 233 913	1 274 258
<b>Total Councillors' Remuneration</b>	<b>3 318 112</b>	<b>3 183 104</b>



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### Remuneration Disclosure - Related Parties:

##### Year 2022/23

Executive Mayor	J. Botha (Jul 2022 - May 2023)	793 599
Executive Mayor	A. Kleinbooi (May 2023 - Jun 2023)	72 887
Deputy Mayor	S. Laban (Jul 2022 - Jun 2023)	422 174
Speaker	M. Gouws (Jul 2022 - Jun 2023)	725 736
Chairperson MPAC	A. Theron (May 2023 -Jun 2023)	69 802
Councillor	L. Potgieter (Jul 2022 - Jun 2023)	317 564
Councillor	J. Pieterse (Jul 2022 - Jun 2023)	312 398
Councillor	A. Theron (Jul 2022 - Jun 2023)	261 207
Councillor	G. Mckenzie (Jul 2022 - May 2023)	270 800
Councillor	A. Kleinbooi (May 2023 - May 2023 )	38 365
Councillor	J. Botha (May 2023 - Jun 2023)	25 595
Councillor	M. Smith (Backpay)	7 899
		<u><u>3 318 027</u></u>

##### Year 2021/22

Executive Mayor	J. Botha (Apr 2022 - Jun 2022)	212 617
Executive Mayor	M. Smith (Nov 2021 - Mar 2022)	327 349
Executive Mayor	R. Louw (July 2021 - Oct 2021)	303 115
Deputy Mayor	S. Laban (Nov 2021- Jun 2022)	259 010
Deputy Mayor	I. Brown (Jul 2021 - Oct 2022)	144 498
Speaker	M. Gouws (Jul 2021 - Jun 2022)	662 257
Councillor	L. Potgieter (Jul 2021 - Jun 2022)	343 565
Councillor	J. Pieterse (Jul 2021 - Jun 2022)	193 134
Councillor	A. Theron (Nov 2021 - Jun 2022)	193 134
Councillor	G. Mckenzie (Apr 2022 - Jun 2022)	74 873
Councillor	W. Theron (Jul 2021 - Oct 2021)	106 742
Councillor	B. Van As (Jul 2021 - Oct 2021)	126 394
Councillor	J. Botha (Nov 2021 - Mar 2022)	118 261
Councillor	S. Maritz (Jul 2021 - Oct 2021)	106 741
		<u><u>3 171 688</u></u>

#### Remuneration of Councillors:

##### In-kind Benefits

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

The Executive Mayor has use of a Council owned vehicle for official duties.

<b>2023</b>	<b>2022</b>
<b>R</b>	<b>R</b>

### 32. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	12 171 386	12 036 811
Depreciation: Investment Property	-	66 248
Amortisation: Intangible Assets	86 213	104 124
<b>Total Depreciation and Amortisation</b>	<u><u>12 257 598</u></u>	<u><u>12 207 183</u></u>

The prior year amount for Depreciation and Amortisation has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>33. IMPAIRMENT LOSSES</b>		
Impairment Losses on Fixed Assets	1 770 960	1 535 793
Impairment Losses on Financial Assets	48 536 969	21 935 984
<b>Total Impairment Losses</b>	<b>50 307 929</b>	<b>23 471 777</b>
The prior year amount for Impairment Losses has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.		
<b>33.1 Impairment Losses on Fixed Assets</b>		
<b>Impairment Losses</b>	1 770 960	1 535 793
Property, Plant and Equipment	1 770 960	1 535 793
	<b>1 770 960</b>	<b>1 535 793</b>
<b>33.2 Impairment Losses on Financial Assets</b>		
<b>Impairment Losses</b>	-	996 557
Receivables from Exchange Transactions	-	996 557
Statutory Receivables from Non-exchange Revenue	-	-
<b>Reversal of Impairment Losses</b>	(708 000)	20 939 427
Receivables from Exchange Transactions	(708 000)	202 871
Statutory Receivables from Non-exchange Revenue	-	20 736 556
<b>Bad Debts Written Off</b>	49 244 969	-
	<b>48 536 969</b>	<b>21 935 984</b>
<b>34. INTEREST, DIVIDENDS AND RENT ON LAND PAID</b>		
Interest Paid:	2 766 972	2 921 720
Interest costs non-current Provisions	2 084 840	2 460 599
Overdue Accounts	682 133	461 121
<b>Total Interest, Dividends and Rent on Land Paid</b>	<b>2 766 972</b>	<b>2 921 720</b>
<b>35. BULK PURCHASES</b>		
Electricity	10 737 433	11 734 645
<b>Total Bulk Purchases</b>	<b>10 737 433</b>	<b>11 734 645</b>



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>36. CONTRACTED SERVICES</b>		
Outsourced Services	1 686 671	637 009
Consultants and Professional Services	2 470 588	2 743 325
Contractors	919 698	1 395 996
<b>Total Contracted Services</b>	<b>5 076 957</b>	<b>4 776 330</b>
The prior year amount for Contracted Services has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.		
<b>36.1 Outsourced Services</b>		
Business and Advisory	393 191	288 888
Catering Services	62 070	48 170
Electrical	659 426	228 430
Internal Auditors	50 155	60 229
Security Services	521 829	3 587
Sewerage Services	-	7 705
	<b>1 686 671</b>	<b>637 009</b>
<b>36.2 Consultants and Professional Services</b>		
Business and Advisory	1 944 614	2 194 433
Legal Cost	525 974	548 891
	<b>2 470 588</b>	<b>2 743 325</b>
<b>36.3 Contractors</b>		
Building	171 692	90 864
Electrical	122 202	31 567
Maintenance of Buildings and Facilities	14 504	27 550
Maintenance of Equipment	39 458	119 148
Maintenance of Computer Software	571 842	1 123 350
Plants, Flowers and Other Decorations	-	3 517
	<b>919 698</b>	<b>1 395 996</b>
<b>37. INVENTORY CONSUMED</b>		
Consumables	1 904 947	1 479 415
Materials and Supplies	637 073	1 112 071
<b>Total Inventory Consumed</b>	<b>2 542 020</b>	<b>2 591 486</b>
The prior year amount for Inventory Consumed has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.		



**LAINSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>38. TRANSFERS AND SUBSIDIES PAID</b>		
<b>Operational Grants</b>	12 473	214 861
Monetary Allocations	12 473	214 861
<b>Total Transfers and Subsidies Paid</b>	<b>12 473</b>	<b>214 861</b>
<b>38.1 Operational Grants</b>		
	<b>Monetary Allocations</b>	
	<b>2023</b>	<b>2022</b>
Households	12 473	214 861
<b>Total Operational Grants Paid</b>	<b>12 473</b>	<b>214 861</b>
	<b>2023 R</b>	<b>2022 R</b>
<b>39. OPERATING LEASES</b>		
Furniture and Office Equipment	602 070	499 326
Libraries	17 120	19 680
<b>Total Operating Leases</b>	<b>619 190</b>	<b>519 006</b>
<b>39.1 Leasing Arrangements</b>		
<b>The Municipality as Lessee:</b>		
Operating leases relate to Office Equipment with lease terms not longer than 5 years.		



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>40. OPERATIONAL COSTS</b>		
Included in General Expenses are the following:		
Advertising, Publicity and Marketing	95 653	72 987
Assets less than the Capitalisation Threshold	6 483	3 004
Bank Charges, Facility and Card Fees	382 471	408 786
Commission	244 825	853 438
Communication	252 265	234 045
Deeds	11 602	6 917
Drivers Licences and Permits	52 590	114 916
External Audit Fees	6 609 906	7 889 755
External Computer Service	1 916 219	2 010 417
Indigent Relief	-	(66 726)
Insurance Underwriting	279 651	322 528
Learnerships and Internships	-	267 031
Levies Paid - Water Resource Management Charges	110 905	110 228
Licences	133 618	130 434
Municipal Services	1 214 816	902 410
Printing, Publications and Books	246 414	348 160
Professional Bodies, Membership and Subscription	500 000	500 000
Registration Fees	14 608	18 000
Remuneration to Ward Committees	262 182	212 982
Skills Development Fund Levy	244 034	236 199
Toll Gate Fees	-	310
Travel and Subsistence	747 122	806 578
Uniform and Protective Clothing	231 210	3 627
Wet Fuel	23 810	23 043
Workmen's Compensation Fund	215 042	182 035
<b>Total Operational Costs</b>	<b>13 795 425</b>	<b>15 591 103</b>

The prior year amount for Operational Costs has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.





**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>40.1 Travel and Subsistence</b>		
<b>Domestic</b>	<b>733 353</b>	<b>763 839</b>
Accommodation	227 640	229 659
Daily Allowance	63 150	59 250
Food and Beverage (Served)	97 580	102 889
Incidental Cost	42 071	14 729
Transport without Operator	291 107	357 311
Transport with Operator	11 805	-
<b>Non-employees</b>	13 770	42 739
	<u><b>747 122</b></u>	<u><b>806 578</b></u>
<b>40.2 Material Losses</b>	<b>2 901 956</b>	<b>2 432 212</b>
Distribution Losses:		
Electricity Losses	1 298 617	623 062
Water Losses	1 603 339	1 809 150
	<u><b>2 901 956</b></u>	<u><b>2 432 212</b></u>
<p>The amounts disclosed above for <b>Electricity and Water Losses</b> are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 47.1.10).</p>		
<p>No other extra-ordinary expenses were incurred.</p>		
<b>41. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS</b>		
<b>Losses on Disposal of Capital Assets</b>		
Intangible Assets	-	65 858
Investment Property	-	-
Property, Plant and Equipment	4 830 853	2 801 599
<b>Total Gains on Disposal of Capital Assets</b>	<u><b>4 830 853</b></u>	<u><b>2 867 456</b></u>
<b>Net Gains / (Losses) on Disposal of Capital Assets</b>	<u><b>(4 830 853)</b></u>	<u><b>(2 867 456)</b></u>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>42. RECLASSIFICATION OF ANNUAL FINANCIAL STATEMENTS</b>		
<b>42.1 Reclassification of Accumulated Surplus</b>		
The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.		
The effect of the changes are as follows:		
		<b>Accumulated Surplus</b>
<b>Balance published as at 30 June 2021</b>		<b>198 307 073</b>
Correction of Error:-		
Adjustment for Impairment of Receivables	911 751	
Adjustment for Capital Assets as per Revised Asset Register	72 566 101	
Adjustment for Audit Findings as per 2022 COMAFs issued	3 308 368	76 786 220
<b>Restated Balance as at 30 June 2021</b>		<b>275 093 292</b>
Transactions incurred for the Year 2021/22		(7 540 222)
Correction of Error:-		
Adjustment for Impairment of Receivables	(212 084)	
Adjustment for Capital Assets as per Revised Asset Register	(2 116 061)	
Adjustment for Audit Findings as per 2022 COMAFs issued	(262 289)	(2 590 433)
<b>Restated Balances as at 30 June 2022</b>		<b>264 962 637</b>

**42.2 Reclassification of Revenue**

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2021/22 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2021/22
Property Rates	4 657 378	-	-	4 657 378
Fines, Penalties and Forfeits	23 990 174	-	-	23 990 174
Transfers and Subsidies	37 467 286	-	7 264 150	44 731 436
Surcharges and Taxes	1 035 394	-	-	1 035 394
Service Charges - Non-exchange	-	-	293 862	293 862
Interest, Dividends & Rent on Land Non-Exchange	238 308	-	-	238 308
Licences and Permits - Exchange	467 255	-	-	467 255
Service Charges - Exchange	22 834 044	-	(293 862)	22 540 182
Sales of Goods and Rendering of Services	104 749	-	-	104 749
Income from Agency Services	193 586	-	-	193 586
Rental from Fixed Assets	1 795 215	-	(40 800)	1 754 415
Interest, Dividends & Rent on Land Exchange	977 476	-	(74 432)	903 044
Operational Revenue	95 465	-	-	95 465
	<b>93 856 330</b>	<b>-</b>	<b>7 148 918</b>	<b>101 005 248</b>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**42.3 Reclassification of Expenditure**

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
Employee Related Costs	29 721 790	-	1 227 562	30 949 353
Remuneration of Councillors	3 171 688	-	11 416	3 183 104
Depreciation and Amortisation	9 117 123	-	3 090 060	12 207 183
Impairment Losses	23 259 694	-	212 084	23 471 777
Interest, Dividends and Rent on Land	2 996 152	-	(74 432)	2 921 720
Bulk Purchases	11 734 645	-	-	11 734 645
Contracted Services	5 966 459	-	(1 190 128)	4 776 330
Inventory Consumed	2 591 486	-	-	2 591 486
Transfers and Subsidies Paid	181 498	-	33 363	214 861
Operating Leases	519 006	-	-	519 006
Operational Costs	10 442 093	-	5 149 010	15 591 103
Loss on Disposal of PPE	1 587 039	-	1 280 417	2 867 456
	<b>101 288 673</b>	<b>-</b>	<b>9 739 351</b>	<b>111 028 025</b>

**42.4 Reclassification of Statement of Financial Position**

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
<b>Current Assets</b>				
Inventories	306 365	-	-	306 365
Receivables from Exchange Transactions	5 220 521	-	155 070	5 375 591
Statutory Receivables from Exchange Transactions	6 175 830	-	439 456	6 615 286
Statutory Receivables from Non-exchange Transactions	5 731 155	-	38 587	5 769 742
Cash and Cash Equivalents	3 089 852	-	(48 850)	3 041 002
Lease Receivables	29 341	-	-	29 341
<b>Non-Current Assets</b>				
Property, Plant and Equipment	190 796 446	-	72 731 703	263 528 149
Intangible Assets	349 850	-	-	349 850
Investment Property	23 414 114	-	(775 809)	22 638 304
Heritage Assets	43 354	-	-	43 354
Long-term Receivables	14 454	-	606 010	620 464
<b>Current Liabilities</b>				
Consumer Deposits	(849 771)	-	-	(849 771)
Payables from Exchange Transactions	(14 038 707)	-	(1 716 252)	(15 754 959)
Unspent Conditional Grants and Receipts	(1 710 918)	-	-	(1 710 918)
Lease Payables	(2 998)	-	-	(2 998)
Employee Benefit Liabilities	(242 000)	-	-	(242 000)
Provisions	(2 765 872)	-	2 765 872	-
<b>Non-Current Liabilities</b>				
Employee Benefit Liabilities	(6 014 000)	-	-	(6 014 000)
Provisions	(18 780 166)	-	-	(18 780 166)
<b>Net Assets</b>				
Accumulated Surplus / (Deficit)	(190 766 851)	-	(74 195 786)	(264 962 637)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**42.5 Reclassification of Cash Flow Statement**

The prior year figures of the Cash Flow Statement have been restated to correctly classify the nature of cash receipts and expenditures of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
<b>Receipts</b>				
Property Rates	4 579 400	-	-	4 579 400
Fines, Penalties and Forfeits	4 942 685	-	-	4 942 685
Transfers and Subsidies	23 513 041	-	7 264 150	30 777 191
Service Charges	21 963 296	-	(166 588)	21 796 708
External Interest and Dividends Received	280 155	-	-	280 155
Other Receipts	3 699 015	-	(157 790)	3 541 225
<b>Payments</b>				
Employee Related Costs	(28 790 749)	-	(1 048 166)	(29 838 915)
Remuneration of Councillors	(3 171 688)	-	(11 416)	(3 183 104)
External Interest and Dividends Paid	(535 553)	-	74 432	(461 121)
Suppliers Paid	(20 227 178)	-	(6 168 972)	(26 396 150)
VAT Paid	(812 977)	-	-	(812 977)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5 439 446</b>	<b>-</b>	<b>(214 349)</b>	<b>5 225 097</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment	(13 408 646)	-	1 355 063	(12 053 583)
Proceeds on Disposal of Property, Plant and Equipment	1 240 355	-	(1 240 355)	(0)
Proceeds on Disposal of Intangible Assets	65 858	-	(65 858)	-
Decrease / (Increase) in Long-term Receivables	(14 454)	-	165 499	151 045
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(12 116 887)</b>	<b>-</b>	<b>214 349</b>	<b>(11 902 538)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>1</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVA</b>	<b>(6 677 441)</b>	<b>-</b>	<b>-</b>	<b>(6 677 441)</b>
Cash and Cash Equivalents at Beginning of Period	9 767 293	-	(48 850)	9 718 443
Cash and Cash Equivalents at End of Period	3 089 852	-	(48 850)	3 041 002

**43. CORRECTION OF ERROR**

Corrections were made on disclosures of the previous financial year. These disclosures are limited to re-classification of line items within the different categories of the financial statements. Details of the corrections are described below:



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**43.1 Reclassification of Revenue**

Prior year amounts of items in Revenue included in the Statement of Financial Performance have been restated as indicated below:

	Property Rates	Transfers and Subsidies	Service Charges - Non-exchange
<b>Balance previously reported</b>	<b>4 657 378</b>	<b>37 467 286</b>	-
Adjust Availability Charges	-	-	293 862
Adjust Subsidies Received as per COMAF 17/2022	-	7 264 150	-
<b>Restated Balance now reported</b>	<b><u>4 657 378</u></b>	<b><u>44 731 436</u></b>	<b><u>293 862</u></b>

**Transfers & Subsidies:**

The prior year amounts for Transfers and Subsidies have been restated to correctly disclose the revenue for Interest Received, restated as per COMAFs indicated above, issued by the Auditor-General.

**Service Charges - Non-exchange Transactions:**

The prior year amounts for Non-exchange Service Charges and Exchange Service Charges have been restated to correctly disclose the revenue for Availability Charges, previously recognised as Exchange Transactions.

	Service Charges - Exchange	Rental from Fixed Assets	Interest, Dividends & Rent on Land Exchange
<b>Balance previously reported</b>	<b>22 834 044</b>	1 795 215	977 476
Adjust Availability Charges	(293 862)	-	-
Adjust Interest Paid as per COMAF 18/2022	-	-	(74 432)
Adjust Rental Received as per COMAF 70/2022	-	(40 800)	-
<b>Restated Balance now reported</b>	<b><u>22 540 182</u></b>	<b><u>1 754 415</u></b>	<b><u>903 044</u></b>

**Service Charges - Exchange Transactions:**

The prior year amounts for Exchange Service Charges and Non-exchange Service Charges have been restated to correctly disclose the revenue for Availability Charges, previously recognised as Exchange Transactions.

**Rental from Fixed Assets:**

Furthermore, the prior year amounts for Rental from Fixed Assets have been restated to correctly disclose the revenue for Rentals of Leased Buildings, restated as per COMAFs indicated above, issued by the Auditor-General.

**Interest, Dividends & Rent on Land:**

Furthermore, the prior year amounts for Interest, Dividends and Rent of Land have been restated to correctly disclose the revenue for Interest Received, restated as per COMAFs indicated above, issued by the Auditor-General.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**43.2 Reclassification of Expenditure**

**Prior year amounts** of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	<b>Employee Related Costs</b>	<b>Remuneration of Councillors</b>	<b>Depreciation and Amortisation</b>
<b>Balance previously reported</b>	<b>29 721 790</b>	<b>3 171 688</b>	<b>9 117 123</b>
Adjust Depreciation as per Asset Register	-	-	2 141 857
Adjust Depreciation as per COMAF 15/2022	-	-	(20 894)
Adjust Depreciation of Landfill Sites as per COMAF 51/2022	-	-	969 096
Adjust Remuneration as per COMAF 70/2022	1 227 562	11 416	
<b>Restated Balance now reported</b>	<b><u>30 949 353</u></b>	<b><u>3 183 104</u></b>	<b><u>12 207 183</u></b>

**Employee Related Costs:**

Furthermore, the **prior year amounts** of Employee Related Cost have been restated to correctly disclose the expenditure for Employee Benefits, restated as per COMAFs indicated above, issued by the Auditor-General.

**Remuneration of Councillors:**

The **prior year amounts** of Remuneration of Councillors have been restated to correctly disclose the expenditure for Employee Benefits, restated as per COMAFs indicated above, issued by the Auditor-General.

**Depreciation and Amortisation:**

The **prior year amounts** for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation for assets as per Asset Register compiled for the Year.

Furthermore, the **prior year amounts** of Depreciation & Amortisation have been restated to correctly disclose the expenditure for Depreciation, restated as per COMAFs indicated above, issued by the Auditor-General.

	<b>Impairment Losses</b>	<b>Interest, Dividends and Rent on Land</b>	<b>Contracted Services</b>
<b>Balance previously reported</b>	<b>23 259 694</b>	<b>2 996 152</b>	<b>5 966 459</b>
Adjust Impairment of Receivables	212 084	-	-
Adjust Interest Paid as per COMAF 18/2022	-	(74 432)	-
Adjust Inventory Consumed as per COMAF 42/2022	-	-	48 850
Adjust Contracted Services as per COMAF 70/2022	-	-	(1 238 978)
<b>Restated Balance now reported</b>	<b><u>23 471 777</u></b>	<b><u>2 921 720</u></b>	<b><u>4 776 330</u></b>

**Impairment Losses:**

The **prior year amounts** for Impairment Losses, Receivables from Exchange Transactions and Statutory Receivables from Non-exchange Transactions have been restated to correctly disclose the impairment of Receivables, Debtors with arrangements previously included in the

**Interest, Dividends & Rent on Land:**

The **prior year amounts** for Interest, Dividends and Rent of Land have been restated to correctly disclose the expenditure for Interest Paid, restated as per COMAFs indicated above, issued by the Auditor-General.

**Contracted Services:**

The **prior year amounts** for Contracted Services have been restated to correctly disclose the expenditure for Contractors, restated as per COMAFs indicated above, issued by the Auditor-General.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	Inventory Consumed	Operational Costs	Loss on Disposal of PPE
<b>Balance previously reported</b>	<b>2 591 486</b>	<b>10 442 093</b>	<b>1 587 039</b>
Adjust Disposal of Capital Assets as per Asset Register	-	-	(25 796)
Adjust External Audit Fees as per COMAF 17/2022	-	5 266 819	-
Adjust Disposal of WIP as per COMAF 37/2022	-	-	1 306 213
Adjust Indigent Subsidy Paid as per COMAF 69/2022	-	(33 363)	-
Adjust Bank Charges as per COMAF 69/2022	-	(43 647)	-
Adjust Office Expenses as per COMAF 70/2022	-	(40 800)	-
<b>Restated Balance now reported</b>	<b>2 591 486</b>	<b>15 591 103</b>	<b>2 867 456</b>

**Inventory Consumed:**

The **prior year amounts** for Inventory Consumed have been restated to correctly disclose the expenditure for Inventory Consumed, restated as per Working Papers prepared for Correction of Errors.

Furthermore, the **prior year amounts** of Inventory Consumed have been restated to correctly disclose the expenditure for Inventory Consumed, restated as per COMAF 42 issued by the Auditor-General.

**Operational Costs:**

Furthermore, the **prior year amounts** of Operational Costs have been restated to correctly disclose the expenditure for Operational Costs, restated as per COMAFs indicated above, issued by the Auditor-General.

**Loss on Disposal of Property, Plant and Equipment:**

Furthermore, the **prior year amounts** of Loss on Disposal of PPE have been restated to correctly disclose the expenditure for Disposals, restated as per COMAFs indicated above, issued by the Auditor-General.

**43.3 Reclassification of Statement of Financial Position**

**Opening Balances and Prior Year Amounts** of items in the Statement of Financial Position have been restated as indicated below:

	Receivables from Exchange Transactions	Statutory Receivables from Non-exchange Transactions	Cash and Cash Equivalents	Lease Receivables
<b>Balances previously published per AFS as at</b>	<b>4 703 549</b>	<b>7 094 723</b>	<b>9 767 293</b>	<b>15 266</b>
Adjust Impairment of Receivables	888 612	-	-	-
Adjust Receivables for Availability Charges	(25 510)	25 510	-	-
Adjust Receivables for Long-term Receivables	(771 509)	-	-	-
Adjust Impairment of Receivables	-	23 139	-	-
Adjust Inventory Consumed as per COMAF 42/2022	-	-	(48 850)	-
<b>Balances now published per AFS as at</b>	<b>4 795 142</b>	<b>7 143 371</b>	<b>9 718 443</b>	<b>15 266</b>
Transactions incurred for the Year	516 973	(1 363 568)	(6 677 441)	14 075
Adjust Impairment of Receivables	(202 871)	-	-	-
Adjust Receivables for Availability Charges	848	(848)	-	-
Adjust Receivables for Long-term Receivables	165 499	-	-	-
Adjust Impairment of Receivables	-	(9 213)	-	-
Adjust SALGA Contribution as per COMAF 59/2022	100 000	-	-	-
<b>Balances now published per AFS as at 30 June 2022</b>	<b>5 375 591</b>	<b>5 769 742</b>	<b>3 041 002</b>	<b>29 341</b>



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### Receivables from Exchange Transactions:

The **opening balances** of Receivables from Exchange Transactions, Statutory Receivables from Non-exchange Transactions and Impairment Losses have been restated to correctly disclose the impairment of Receivables, Debtors with arrangements previously included in the calculations.

Furthermore, the **opening balances** of Receivables from Exchange Transactions and Receivables from Non-exchange Transactions have been restated to correctly disclose the value of Receivables, restated for availability charges.

Furthermore, the **opening balances** of Receivables from Exchange Transactions and Long-term Receivables have been restated to correctly disclose the value of Receivables, restated for long-term receivables not recognised previously.

The **prior year amounts** of Receivables from Exchange Transactions, Statutory Receivables from Non-exchange Transactions and Impairment Losses have been restated to correctly disclose the impairment of Receivables, Debtors with arrangements previously included in the calculations.

Furthermore, the **prior year amounts** of Receivables from Exchange Transactions and Receivables from Non-exchange Transactions have been restated to correctly disclose the value of Receivables, restated for availability charges.

Furthermore, the **prior year amounts** of Receivables from Exchange Transactions and Long-term Receivables have been restated to correctly disclose the value of Receivables, restated for long-term receivables not recognised previously.

Furthermore, the **prior year amounts** for Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, restated as per COMAFs indicated above, issued by the Auditor-General.

#### Statutory Receivables from Non-exchange Transactions:

The **opening balances** of Statutory Receivables from Non-exchange Transactions, Receivables from Exchange Transactions and Impairment Losses have been restated to correctly disclose the impairment of Receivables, Debtors with arrangements previously included in the calculations.

The **prior year amounts** of Statutory Receivables from Non-exchange Transactions, Receivables from Exchange Transactions and Impairment Losses have been restated to correctly disclose the impairment of Receivables, Debtors with arrangements previously included in the calculations.

#### Cash and Cash Equivalents:

Furthermore, the **opening balances** for Cash and Cash Equivalents have been restated to correctly disclose the value of Cash, restated as per COMAFs indicated above, issued by the Auditor-General.

	Statutory Receivables from Exchange Transactions	Property, Plant and Equipment	Investment Property	Long-term Receivables
<b>Balances previously published per AFS as at 30 June 2021</b>	<b>5 362 853</b>	<b>202 678 338</b>	<b>23 480 362</b>	<b>-</b>
Adjust Cost of Capital Assets	-	144 115 035	(775 809)	-
Adjust Accumulated Depreciation of Capital Assets	-	(70 773 663)	-	-
Adjust Long-term Receivables	-	538	-	771 509
Adjust VAT misstated as per COMAF 15/2022	-	(1 039 018)	-	-
Adjust VAT misstated as per COMAF 19/2022	439 456	-	-	-
Adjust Decommissioning Costs as per COMAF 51/2022	-	4 848 137	-	-
<b>Balances now published per AFS as at 30 June 2021</b>	<b>5 802 309</b>	<b>279 829 367</b>	<b>22 704 553</b>	<b>771 509</b>
Transactions incurred for the Year 2021/22	812 977	(11 881 892)	(66 248)	14 454
Adjust Depreciation of Capital Assets	-	(2 141 857)	-	-
Adjust Loss on Disposal of Capital Assets	-	25 796	-	-
Adjust Long-term Receivables	-	-	-	(165 499)
Adjust VAT misstated as per COMAF 15/2022	-	20 894	-	-
Adjust WIP Disposals as per COMAF 37/2022	-	(1 306 213)	-	-
Adjust WIP Acquisitions as per COMAF 42/2022	-	(48 850)	-	-
Adjust Decommissioning Costs as per COMAF 51/2022	-	(969 096)	-	-
<b>Balances now published per AFS as at 30 June 2022</b>	<b>6 615 286</b>	<b>263 528 149</b>	<b>22 638 304</b>	<b>620 464</b>





## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### Statutory Exchange Receivables

The **opening balances** for Statutory Exchange Receivables have been restated to correctly disclose the value of Statutory Exchange Receivables, restated as per COMAFs indicated above, issued by the Auditor-General.

#### Property, Plant and Equipment:

The **opening balances** for Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Prior Year.

Furthermore, the **opening balances** for Property, Plant & Equipment have been restated to correctly disclose the value of Capital Assets, restated as per COMAFs indicated above, issued by the Auditor-General.

The **prior year amounts** for Property, Plant & Equipment, Amortisation & Depreciation, Impairment and Disposal of Capital Assets have been restated to correctly disclose the value of Capital Assets as per Asset Register compiled for the Prior Year.

Furthermore, the **prior year amounts** for Property, Plant & Equipment have been restated to correctly disclose the value of Capital Assets, restated as per COMAFs indicated above, issued by the Auditor-General.

#### Investment Property:

The **opening balances** for Investment Property and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Prior Year.

#### Long-term Receivables

The **opening balances** of Long-term Receivables and Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, restated for long-term receivables not recognised previously.

The **prior year amounts** of Long-term Receivables and Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, restated for long-term receivables not recognised previously.

	Consumer Deposits	Payables from Exchange Transactions	Provisions
<b>Balances previously published per AFS as at 30 June 2021</b>	<b>(797 186)</b>	<b>(10 601 487)</b>	<b>(2 292 833)</b>
Adjust VAT misstated as per COMAF 15/2022	-	1 045 429	-
Adjust External Audit Fees as per COMAF 16/2022	-	(1 997 331)	-
Adjust VAT misstated as per COMAF 19/2022	-	(439 456)	-
Adjust Employee Benefits as per COMAF 30/2022	-	(2 292 833)	2 292 833
Adjust SALGA Contribution as per COMAF 59/2022	-	500 000	-
<b>Balances now published per AFS as at 30 June 2021</b>	<b>(797 186)</b>	<b>(13 785 677)</b>	<b>-</b>
Transactions incurred for the Year 2021/22	(52 585)	(3 437 219)	(473 039)
Adjust External Audit Fees as per COMAF 16/2022	-	1 997 331	-
Adjust Employee Benefits as per COMAF 30/2022	-	(473 039)	473 039
Adjust SALGA Contribution as per COMAF 59/2022	-	(100 000)	-
Adjust Bank Charges as per COMAF 69/2022	-	43 647	-
<b>Balances now published per AFS as at 30 June 2022</b>	<b>(849 771)</b>	<b>(15 754 959)</b>	<b>(0)</b>

#### Payables from Exchange Transactions:

Furthermore, the **opening balances** for Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated as per COMAFs indicated above, issued by the Auditor-General.

Furthermore, the **prior year amounts** of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated as per COMAFs indicated above, issued by the Auditor-General.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**43.4 Reclassification of Cash Flow Statement**

Prior Year Amounts of Items in the Cash Flow Statement have been restated as indicated below:

**Cash Flows from Operating Activities - Receipts:**

	Property Rates	Transfers & Subsidies	Service Charges
<b>Balance previously reported</b>	<b>4 579 400</b>	<b>23 513 041</b>	<b>21 963 296</b>
Reclassification in terms of mSCOA Chart	-	-	6 905
Correction of Errors:-			
Adjust Impairment of Receivables	-	-	110 085
Adjust Decrease in Long-term Receivables	-	-	(70 541)
Adjust Service Charges for Availability Charges	-	-	(94 958)
Adjust Grant-in-Aid as per COMAF 17/2022	-	7 264 150	-
Adjust Service Charges as per COMAF 18/2022	-	-	(74 432)
Adjust Bank Charges as per COMAF 69/2022	-	-	(43 647)
<b>Restated Balance now reported</b>	<b>4 579 400</b>	<b>30 777 191</b>	<b>21 796 708</b>

	Fines, Penalties & Forfeits	Interest & Dividends Received	Other Receipts	VAT Received
<b>Balance previously reported</b>	<b>4 942 685</b>	<b>280 155</b>	<b>3 699 015</b>	<b>-</b>
Reclassification in terms of mSCOA Chart	-	-	(6 905)	-
Correction of Errors:-				
Adjust Impairment of Receivables	-	-	(110 085)	-
Adjust Rental Received as per COMAF 70/2022	-	-	(40 800)	-
<b>Restated Balance now reported</b>	<b>4 942 685</b>	<b>280 155</b>	<b>3 541 225</b>	<b>-</b>

**Cash Flows from Operating Activities - Payments:**

	Employee Related Costs	Remuneration of Councillors	Interest & Dividends Paid
<b>Balance previously reported</b>	<b>(28 790 749)</b>	<b>(3 171 688)</b>	<b>(535 553)</b>
Adjust Interest Paid as per COMAF 18/2022	-	-	74 432
Adjust Contribution to WCA Provision as per COMAF 29/2022	179 396	-	-
Adjust Remuneration as per COMAFs 70 & 91	(1 227 562)	(11 416)	-
<b>Restated Balance now reported</b>	<b>(29 838 915)</b>	<b>(3 183 104)</b>	<b>(461 121)</b>

	Suppliers Paid	VAT Paid
<b>Balance previously reported</b>	<b>(20 227 178)</b>	<b>(812 977)</b>
Adjust Grant-in-Aid as per COMAF 17/2022	(7 264 150)	-
Adjust Contribution to WCA Provision as per COMAF 29/2022	(179 397)	-
Adjust WIP Acquisitions as per COMAF 42/2022	(48 850)	-
Adjust Bank Charges as per COMAF 69/2022	43 647	-
Adjust Rental Received as per COMAF 70/2022	40 800	-
Adjust Remuneration as per COMAFs 70 & 91/2022	1 238 978.31	-
<b>Restated Balance now reported</b>	<b>(26 396 150)</b>	<b>(812 977)</b>



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Cash Flows from Investing Activities:**

	Purchase of PPE	Purchase of Intangible Assets	Purchase of Investment Property
<b>Balance previously reported</b>	(13 408 646)	-	-
Adjust Disposal of Capital Assets as per COMAF 37/2022	1 306 213	-	-
Adjust WIP Acquisitions as per COMAF 42/2022	48 850	-	-
<b>Restated Balance now reported</b>	<u>(12 053 583)</u>	<u>-</u>	<u>-</u>
	Proceeds on Disposal of PPE	Proceeds on Disposal Intangible Assets	Decrease / (Increase) in LT Receivables
<b>Balance previously reported</b>	1 240 355	65 858	(14 454)
Adjust Decrease in Long-term Receivables	-	-	165 499
Adjust Disposal of Capital Assets as per COMAF 37	(1 306 213)	-	-
Adjust Losses on Disposal of PPE as per COMAF 48/2022	65 858	(65 858)	-
<b>Restated Balance now reported</b>	<u>(0)</u>	<u>-</u>	<u>151 045</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents:</b>		<b>Cash at Start of Period</b>	<b>Cash at Start of Period</b>
<b>Balance previously reported</b>		9 767 293	3 089 852
Adjust Cash as per COMAF 42		(48 850)	(48 850)
<b>Restated Balance now reported</b>		<u>9 718 443</u>	<u>3 041 002</u>
		<b>2023 R</b>	<b>2022 R</b>

**44. CHANGE IN ACCOUNTING ESTIMATES**

**44.1 Depreciation Expenditure:**

The remaining useful lives and residual values of Capital Assets were re-assessed in the current year and affected the amount of depreciation for the 2022/23 financial year. The adjustments are as follows:

Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of Capital Assets	(144 264)	(6 462)
<b>Increase / (Decrease) in Depreciation of Capital Assets</b>	<u>(144 264)</u>	<u>(6 462)</u>
Depreciation as previously stated	12 401 863	12 213 645
Adjustment due to Change in Accounting Estimate	(144 264)	(6 462)
<b>Depreciation as per Note 32.</b>	<u>12 257 598</u>	<u>12 207 183</u>

**44.2 Provision for the Rehabilitation of Landfill Site:**

The valuation for the rehabilitation of Landfill Site was re-assessed in the prior year and resulted in a reduction of R 11 980 598 in the provision. The main reasons for this difference relate to the technical assumptions underpinning the estimates. These are:

- A cusped drain was included in the capping system in 2021. This is not included in the current capping system.
- Allowance for stormwater control is higher in 2021 than in 2022 (2022 assumption is that lined drains will only be required on the toe of the slope and not on the landfill plateau).
- Leachate management works were included in 2021. Because the site is in a dry region, the 2022 estimate assumes this will not be necessary (once the site is capped and rainwater ingress is prevented there will be no leachate generated).



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**45. CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the Year	1 214 810	(10 022 777)
<b>Adjustment for Non-cash Transactions included in Surplus / (Deficit):</b>		
Transfers and Subsidies Received	Refer Note 23.1	(4 471 440) (7 264 150)
Employee Related Costs	Refer Note 31.1	529 042 917 397
Depreciation and Amortisation	Refer Note 32.1	12 257 598 12 207 183
Impairment Losses	Refer Note 34.1	1 062 960 23 471 777
Interest, Dividends and Rent on Land	Refer Note 35.1	2 084 840 2 460 599
Operational Costs	Refer Note 41.1	4 471 440 7 264 150
Gains / Losses on Disposal of Assets	Refer Note 42.1	4 830 853 2 867 456
<b>Adjustment for Cash Transactions not included in Surplus / (Deficit):</b>		
Transfer of Property, Plant and Equipment	Refer Note 7.1	- -
Expenditure from Current Employee Benefit Liabilities	Refer Note 17.1.1	(242 000) (267 000)
Expenditure from Non-current Provisions	Refer Note 18.1	- 0
Expenditure from Accumulated Funds	Refer Note 19.1	(7 103 944) (107 879)
<b>Adjustment for Non-cash Transactions included in Working Capital:</b>		
Decrease/(Increase) in Impairment of Exchange Receivables	Refer Note 3.3	(41 718) (1 103 622)
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	Refer Note 5.3	54 382 892 (20 832 362)
<b>Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:</b>		
Minor Variance on Impairment		(53 633 174) -
<b>Operating Surplus before Working Capital Changes</b>	<b>15 342 158</b>	<b>9 590 772</b>
Decrease/(Increase) in Inventories	35 666	334 171
Decrease/(Increase) in Receivables from Exchange Transactions	358 025	(580 449)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions	(614 316)	(812 977)
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions	1 486 273	1 373 629
Decrease/(Increase) in Operating Lease Receivables	(10 968)	(14 075)
Increase/(Decrease) in Consumer Deposits	79 835	52 585
Increase/(Decrease) in Payables from Exchange Transactions	4 642 390	1 969 281
Increase/(Decrease) in Unspent Conditional Grants and Receipts	(562 764)	(6 690 095)
Increase/(Decrease) in Operating Lease Payables	(696)	2 254
<b>Cash Generated by / (Utilised in) Operations</b>	<b>20 755 604</b>	<b>5 225 097</b>

**46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**46.1 Unauthorised Expenditure**

	2023 R	2022 R
Reconciliation of Unauthorised Expenditure:		
Opening Balance:	30 535 254	22 854 019
Unauthorised Expenditure Current Year:	38 099 732	7 681 235
Unauthorised Expenditure awaiting authorisation	<b>68 634 986</b>	<b>30 535 254</b>

Incident	Disciplinary Steps / Criminal Proceedings
<b>Budgeted votes exceeded:-</b>	
- Community and Social Services - R640 277 (2022: R0)	To be condoned by Council // No disciplinary steps taken
- Executive and Council - R903 699 (2022: R1 543 276)	To be condoned by Council // No disciplinary steps taken
- Finance and Administration - R1 982 243 (2022: R0)	To be condoned by Council // No disciplinary steps taken
- Road Transport - R1 356 168 (2022: R449 695)	To be condoned by Council // No disciplinary steps taken
- Waste Water Management - R104 340 (2022: R3 454 726)	To be condoned by Council // No disciplinary steps taken
- Water Management - R442 415 (2022: R1 191 775)	To be condoned by Council // No disciplinary steps taken
- Waste Management - R3 265 395 (2022: R1 041 762)	To be condoned by Council // No disciplinary steps taken
- Public Safety - R29 405 195 (2022: R0)	To be condoned by Council // No disciplinary steps taken



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**46.2 Fruitless and Wasteful Expenditure**

	2023 R	2022 R
Reconciliation of Fruitless and Wasteful Expenditure:		
Opening Balance	1 558 278	1 097 157
Fruitless and Wasteful Expenditure	682 133	461 121
Expenditure investigated and approved by Council	(575 160)	-
Fruitless and Wasteful Expenditure awaiting condonement	<b>1 665 250</b>	<b>1 558 278</b>

Incident	Disciplinary Steps / Criminal Proceedings
Interest and penalties on late payment of trade creditors. - R682 133 (2022: R461 121)	Currently None - subject to possible future investigation

**46.3 Irregular Expenditure**

	2023 R	2022 R
Reconciliation of Irregular Expenditure:		
Opening Balance:	101 846 995	96 446 838
Irregular Expenditure:	3 721 284	5 400 157
Condoned/Written-off by Council:	(40 603 714)	-
Irregular Expenditure awaiting condonation	<b>64 964 564</b>	<b>101 846 995</b>

The amounts disclosed for Irregular Expenditure are inclusive of VAT.

**Current Year:**

Incident	Deviation	Disciplinary Steps / Criminal Proceedings
<b>Non-compliance with Municipal SCM Regulations:</b>		
- Regulation 16 - R21 686 (2022: R69 425)	Request for Quotations processes not followed	None, still to be investigated
- Regulation 17 - R0 (2022: R171 786)	Formal Written Price Quotations processes not followed	None, still to be investigated
- Regulation 19 - R3 229 531 (2022: R4 200 256)	Contract not awarded through a competitive bidding process	None, still to be investigated
- Regulation 30 - R0 (2022: R20 476)	Procurement of Banking Services	None, still to be investigated
- Regulation 32 - R0 (2022: R122 107)	Goods and services were procured under contracts secured by other organs of State	None, still to be investigated
- Regulation 36 - R0 (2022: R400 094)	Continuation of irregular contracts and deviations of SCM procedures	None, still to be investigated
<b>Non-compliance with Municipal Systems Act:</b>		
- Section 67(1) - R0 (2022: R376 562)	Ensure fair, efficient, effective and transparent personnel administration	None, still to be investigated

**Prior Year:**

Incident	Deviation	Disciplinary Steps / Criminal Proceedings
<b>Non-compliance with Municipal SCM Regulations:</b>		
- Regulation 12 (c) - R156 217 (2022: R0)	Correct procurement process not followed	
- Regulation 17 - R180 000 (2022: R0)	Formal Written Price Quotations processes not followed	
- Regulation 36 - R96 892 (2022: R0)	Continuation of irregular contracts and deviations of SCM procedures	
<b>Non-compliance with Municipal Finance Management Act:</b>		
- Section 65 - R0 (2022: R39 450)	Aloe Office Equipment (2018/19)	
- Section 116(3)(a) - R36 958 (2022: R0)	Extension not appropriately approved and reported	



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>47. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION</b>		
<b>47.1 MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>47.1.1 Contributions to Organised Local Government - SALGA</b>		
Opening Balance	(100 000)	-
Council Subscriptions	500 000	500 000
Amount Paid - current year	(400 000)	(600 000)
Amount Paid - previous years	-	-
<b>Balance Prepaid (included in Debtors)</b>	<b>-</b>	<b>(100 000)</b>
The balance prepaid represents payment made in the current year towards the municipal subscriptions for the next financial year.		
The prior year's amounts have been restated in terms of a 2022 finding issued by the Auditor General.		
<b>47.1.2 Pension and Medical Aid Deductions</b>		
Opening Balance	-	-
Current Year Contributions	6 180 614	5 883 126
Amount Paid - current year	(6 180 614)	(5 883 126)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>
<b>47.1.3 Audit Fees</b>		
Opening Balance	6 445 940	6 485 015
Current year Audit Fees	8 283 374	9 533 714
Amount Paid - current year	(3 198 391)	(6 056 842)
Amount Paid - previous years	(5 058 293)	(3 515 947)
<b>Balance Unpaid (included in Creditors)</b>	<b>6 472 629</b>	<b>6 445 940</b>
The prior year's amount have been restated in terms of a 2022 finding issued by the Auditor General.		
<b>47.1.4 PAYE, Skills Development Levy and UIF</b>		
Opening Balance	-	9 374
Current year Payroll Deductions	5 062 998	4 724 770
Amount Paid - current year	(5 062 998)	(4 724 770)
Amount Paid - previous years	-	(9 374)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>
<b>47.1.5 VAT</b>		
The net of VAT input receivables and VAT output payables are shown in Note 7. All VAT returns have not been submitted by the due date throughout the year, resulting in penalties and fines being charged by SARS against the municipality.		
	-	-

**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**47.1.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June:

<b>30 June 2023</b>	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
None	-	-	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>30 June 2022</b>	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Councillor I Brown	53 219	-	53 219
<b>Total Councillor Arrear Consumer Accounts</b>	<b>53 219</b>	<b>-</b>	<b>53 219</b>

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

<b>30 June 2023</b>	<b>Highest amount outstanding</b>	<b>Ageing</b>
None	-	
<b>30 June 2022</b>	<b>Highest amount outstanding</b>	<b>Ageing</b>
Councillor I Brown	53 219	> 90 Days

**47.1.7 Non-Compliance with the Municipal Finance Management Act**

The municipality incurred non-compliance to the following section of the indicated chapters of the MFMA during the year under review:

<b>Description</b>	<b>Chapter</b>	<b>Section</b>	<b>Sub-section</b>
Unauthorised expenditure not investigated	4	32	2(a)
Irregular and Fruitless and Wasteful expenditure not investigated	4	32	2(b)
Steps not taken to prevent irregular, unauthorised and fruitless and wasteful expenditure	8	62	1(d)
Non-submission of adjustment budget and supporting documents	4	28	-7
Late submission of monthly budget statements/IYM report	8	71	-1
Reporting of inability to comply with section 71	8	74	-2



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 47.1.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

#### 30 June 2023

Commodity	Tenderer	Reason	Amount
Goods / Services	Various (3)	Exceptional case where it is impractical or impossible to follow the official procurement processes. (*)	158 696
Goods	Boland Kantoortoeerusting cc	Emergency	5 500
<b>Total:</b>			<b>164 196</b>

(\*) The amount does not include 1 case in respect of services rendered where the amount is based on a rate.

#### 30 June 2022

Department	Tenderer	Reason	Amount
Goods / Services	Various (10)	Exceptional case where it is impractical or impossible to follow the official procurement processes.	464 224
Goods / Services	Various (4)	Emergency (*)	71 253
Goods / Services	Directech (Pty) Ltd	Goods or services are produced or available from a sole supplier.	352 025
<b>Total:</b>			<b>887 502</b>

(\*) The amount does not include 1 case in respect of services rendered where the amount is based on a rate.

#### 47.1.9 Awards to close family members of persons in the service of the state

In terms of section 45(1) of the Municipal Supply Chain Management Policy approved by the Council, the accounting officer must ensure that particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, must be disclosed in the notes to the Annual Financial Statements.

The following awards to close family members of persons in the service of the state in terms of the municipality's Supply Chain Management Policy were made:

Company Name	Employee Name	Municipal Capacity	Relationship Capacity	2023	2022
				R	R
				Purchases for the Year	Purchases for the Year
MJ Treats	J Komanisi	Laingsburg Municipality	Spouse	-	5 400
TSCH International Holdings (Pty) Ltd	E Hlongwane	Official - City of Cape Town	Spouse	-	168 363
Gerald Breakdown Services (Pty) Ltd	C Willemse	Laingsburg Municipality	Spouse	-	22 000
Pre-Vaas Construction (Pty) Ltd	B Pretorius	Laingsburg Municipality	Spouse	-	269 335
<b>Total Purchases</b>				<b>-</b>	<b>465 097</b>





**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

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

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

**Electricity:**

		Lost Units	Tariff	Value
<b>30 June 2023</b>	Unaccounted Electricity Losses	<u>621 463</u>	<u>2.0896</u>	<u>1 298 617</u>
<b>30 June 2022</b>	Unaccounted Electricity Losses	<u>338 953</u>	<u>1.8382</u>	<u>623 062</u>

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 process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2023 R	2022 R
<b>Volumes in kWh/year:</b>		
System Input Volume	6 115 875	7 470 219
Billed Consumption	<u>5 494 412</u>	<u>7 131 266</u>
	<u>621 463</u>	<u>338 953</u>
Percentage Distribution Loss	10.16%	4.54%

The Prior Year System Input Volume' has been restated in terms of a 2022 finding issued by the Auditor-General.

**Water:**

		Lost Units	Tariff	Value
<b>30 June 2023</b>	Unaccounted Water Losses	<u>94 243</u>	<u>17.0128</u>	<u>1 603 339</u>
<b>30 June 2022</b>	Unaccounted Water Losses	<u>156 494</u>	<u>11.5605</u>	<u>1 809 150</u>

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

	2023 R	2022 R
<b>Volumes in Kl/year:</b>		
System Input Volume	384 160	469 182
Billed Consumption	<u>289 917</u>	<u>312 688</u>
Distribution Loss	<u>94 243</u>	<u>156 494</u>
Percentage Distribution Loss	24.53%	33.35%



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
<b>48. COMMITMENTS FOR EXPENDITURE</b>		
<b>48.1 Capital Commitments</b>		
- <b>Approved and Contracted for:-</b>	<b>10 308 128</b>	<b>1 685 163</b>
Infrastructure	10 308 128	1 685 163
<b>Total Capital Commitments</b>	<b>10 308 128</b>	<b>1 685 163</b>
This expenditure will be financed from:		
Government Grants	10 308 128	1 685 163
	<b>10 308 128</b>	<b>1 685 163</b>

The Capital Commitments are VAT inclusive.

**49. FINANCIAL INSTRUMENTS**

**49.1 Classification**

**FINANCIAL ASSETS:**

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

**Financial Assets at Amortised Cost:**

Non-current Long-term Receivables	525 438	620 464
Receivables from Exchange Transactions (Excludes Prepayments and Advances)	4 988 973	5 248 502
Cash and Cash Equivalents	2 479 086	3 041 002
<b>Total Financial Assets</b>	<b>7 993 497</b>	<b>8 909 968</b>

**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

**Financial Liabilities at Amortised Cost:**

Consumer Deposits	929 607	849 771
Payables from Exchange Transactions	16 081 740	15 648 536
<b>Total Financial Liabilities</b>	<b>17 011 347</b>	<b>16 498 307</b>

No Financial Instruments of the municipality have been reclassified during the year.

**49.2 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2022.

**49.3 Financial Risk Management Objectives**

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

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



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

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

Further quantitative disclosures are included throughout these Annual Financial Statements.

#### **49.4 Significant Risks**

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

##### **Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Refer to Note 49.5 below for more detail

##### **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 investments held with registered financial institutions. Refer to Note 49.6 below for more detail.

##### **Liquidity Risk**

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

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

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 49.7 to the Annual Financial Statements.

#### **49.5 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

##### **49.5.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in foreign currency.



**49.5.2 Interest Rate Risk Management**

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

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

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

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

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**Interest Rate Sensitivity Analysis**

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 49.7 below:

Cash and Cash Equivalents:

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2023 would have increased / decreased by R6 893 (30 June 2022: R15 942). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

**49.6 Credit Risk Management**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

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

**Investments/Bank, Cash and Cash Equivalents**

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 Absa Bank and Standard Bank. No investments with a tenure exceeding twelve months are made.



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

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

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

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

Counterparty and Location	30 June 2023		30 June 2022	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
National Government of the RSA	-	437 514	-	214 226
Child Welfare of South Africa	-	317 320	-	417 805
Steyn TH	-	278 885	-	-
Central Karoo FIF Project	-	204 877	-	191 282
Gouws PS	-	145 429	-	-
Department of Home Affairs	-	-	-	145 767
DJ Bothma Trust	-	-	-	134 679



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	2023 R	2022 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	8 526 691	8 744 503
Bank, Cash and Cash Equivalents	2 479 086	3 041 002
<b>Maximum Credit and Interest Risk Exposure</b>	<b>11 005 777</b>	<b>11 785 505</b>
The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:		
	%	%
Exchange Debtors:		
- Service Debtors	59.11%	62.21%
- Other Receivables	15.57%	14.30%
- Other Debtors	-1.80%	-2.78%
- Other Minor Classes	26.80%	24.84%
<b>Total Credit Risk</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Bank and Cash Balances</b>		
ABSA Bank Ltd	1 918 082	2 186 539
Standard Bank	558 104	851 564
Cash Equivalents	2 900	2 900
<b>Total Bank and Cash Balances</b>	<b>2 479 086</b>	<b>3 041 002</b>
<b>Credit quality of Financial Assets:</b>		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
<b>Receivables from Exchange Transactions</b>		
Counterparties without external credit rating:-		
High	3 166 801	2 443 823
Medium	161 069	866 693
Low	-	-
<b>Total Receivables from Exchange Transactions</b>	<b>3 327 870</b>	<b>3 310 516</b>

**Credit quality Groupings:**

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

The municipality holds deposits to the amount of R929 607 (2022: R849 771) as security for outstanding debt of its receivables.

None of the financial assets that are fully performing, have been renegotiated in the last year.

Refer to Note 3.1 for the analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**49. FINANCIAL INSTRUMENTS (Continued)**

**49.7 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. 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.

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2023</b>								
Non-interest Bearing			17 011 347	17 011 347	-	-	-	-
- Consumer Deposits			929 607	929 607	-	-	-	-
- Payables from Exchange transactions			16 081 740	16 081 740	-	-	-	-
			<b>17 011 347</b>	<b>17 011 347</b>	-	-	-	-
<b>30 June 2022</b>								
Non-interest Bearing			16 498 307	16 498 307	-	-	-	-
- Consumer Deposits			849 771	849 771	-	-	-	-
- Payables from Exchange transactions			15 648 536	15 648 536	-	-	-	-
			<b>16 498 307</b>	<b>16 498 307</b>	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2023</b>								
Non-interest Bearing			5 517 311	5 517 311	-	-	-	-
- Long-term Receivables			525 438	525 438	-	-	-	-
- Trade Receivables from Exchange Transactions			4 988 973	4 988 973	-	-	-	-
- Cash and Cash Equivalents			2 900	2 900	-	-	-	-
Variable Interest Rate Instruments		15.07%	2 476 186	2 476 186	-	-	-	-
- Call Deposits			476 180	476 180	-	-	-	-
- Bank Account			2 000 006	2 000 006	-	-	-	-
			<b>7 993 497</b>	<b>7 993 497</b>	-	-	-	-
<b>30 June 2022</b>								
Non-interest Bearing			5 871 866	5 871 866	-	-	-	-
- Long-term Receivables			620 464	620 464	-	-	-	-
- Trade Receivables from Exchange Transactions			5 248 502	5 248 502	-	-	-	-
- Cash and Cash Equivalents			2 900	2 900	-	-	-	-
Variable Interest Rate Instruments		4.39%	3 038 102	3 038 102	-	-	-	-
- Call Deposits			451 983	451 983	-	-	-	-
- Bank Account			2 586 119	2 586 119	-	-	-	-
			<b>8 909 968</b>	<b>8 909 968</b>	-	-	-	-

The municipality does not have any financing facilities and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets and to maintain current debt to equity ratio.



## 50. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality does not make provision for post-retirement benefits to councillors.

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below.

Council contributes to the LA Retirement Fund, a defined benefit scheme, and the Consolidated Retirement Fund for Local Government, LA Retirement Fund, National Fund for Municipal Workers and SAMWU National Provident Fund, which are defined contribution funds. In terms of the schemes' rules, pension is being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

These funds are governed by the Pension Funds Act, 1956, and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R2 957 100 (2022: R2 747 695) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

### 50.1 DEFINED BENEFIT SCHEMES

**LA Retirement Fund**, previously Cape Joint Pension Fund (Defined Benefit Scheme):

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of 7,5% or 9,0% and the employer at a rate of 18,0%. The actuarial valuation report at 30 June 2022 indicated that the defined benefit scheme of the fund is in a sound financial position, with assets amounting to R1 392 (2021: R1 486) million, with a funding level of 111,6% (2021: 104,9%).

### 50.2 DEFINED CONTRIBUTION SCHEMES

**Consolidated Retirement Fund for Local Government** (previously Cape Joint Retirement Fund):

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

The actuarial valuation report at 30 June 2022 revealed that the net assets of the fund amounted to R36 503 (30 June 2021: R34 148) million with a funding level of 100,4% (30 June 2021: 100,5%). The contribution rate paid by the members (7,5% or 9,0%) and the employer (19,5% or 18,0%) is sufficient to fund the benefits accruing from the fund in the future.

The fund is in a sound financial condition at the valuation date.

**LA Retirement Fund** (previously Cape Joint Pension Fund):

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of 7,5% or 9,0% and the employer at a rate of 18,0%. The actuarial valuation report at 30 June 2022 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R1 976 (2021: R2 083) million with a funding level of 100,0% (2021: 100,0%).



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### **Municipal Workers Retirement Fund** (previously South African Municipal Workers' Union Provident Fund):

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2017.

The contribution rate payable is not less than 7,5% by the members and 18% by their councils. As from 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates.

The actuarial valuation report at 30 June 2017 disclosed assets amounting to R7 721 (2014: R6 575) million, with a funding level of 102,0% (2014: 111,7%). The Fund's assets are sufficient to cover the members' Fund Credits. The Fund is therefore in a sound financial position.

#### **National Fund for Municipal Workers - Provident Fund:**

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of not less than 7,5% of salaries, as required by the Rules. Employers contribute at a total rate of not less than 18,0%. The statutory valuation performed as at 30 June 2021 revealed that the net assets of the fund amounted to R22 599 (30 June 2020 : R18 423) million.

The assets of the fund are sufficient to cover 100,0% the members' liabilities and various recommended reserve balances and the fund is hence financially sound.

None of the above mentioned plans are State Plans.

## 51. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

### 51.1 Interest of Related Parties

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
A Kleinboo	Councillor	Amco Civil Construction Ltd (Pty)
G Mackenzie	Councillor	Director of ZAR Empire Holdings (Pty) Ltd, Patriotic Alliance (Pty) Ltd, No One Sleeps Hungry (Pty) Ltd, Oersonskraal Mining (Pty) Ltd and Xconcepts Publications (Pty) Ltd
L Potgieter	Councillor	Director of Unity Karoo (Pty) Ltd
A Theron	Councillor	Member of Walmar Eiendomme CC
N Hendricks	Manager	Director of Hammat and Hendrikse Enterprise (Pty) Ltd
C Hendrikse (Spouse of)	Manager	Director of Hammat and Hendrikse Enterprise (Pty) Ltd
J Komanisi	Manager	Leago Investment Enterprise Ltd (Pty)
M Terblanche-Komanisi (Spouse of)	Manager	Director with 100% shares of MJ Treats Pty (Ltd)

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses in final deregistration:

Name of Related Person	Designation	Description of Related Party Relationship
G Mackenzie	Councillor	Director of Tobiwel (Pty) Ltd, Talirex (Pty) Ltd, NSO What Trading (Pty) Ltd, Nu Money Records (Pty) Ltd, Black Solar (Pty) Ltd, Damash Minerals (Pty) Ltd, Portkey SA (Pty) Ltd, Science Fixing (Pty) Ltd, Ray Star Productions (Pty) Ltd, Gas Afrique (Pty) Ltd, Afrobrew Beverages (Pty) Ltd and G Gas (Pty) Ltd
KJ Gertse	Snr SCM Officer	Director of GP2 Development Enterprises



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 51.2 Services rendered to Related Parties

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
<b>30 June 2023</b>				
Councillors	8 981	84 801	-	6 258
Municipal Manager and Other Senior Personnel	7 732	157 557	171 177	-
<b>Total Services</b>	<b>16 713</b>	<b>242 358</b>	<b>171 177</b>	<b>6 258</b>
	R	R	R	R
<b>30 June 2022</b>				
Councillors	22 865	73 156	8 514	53 219
Municipal Manager and Other Senior Personnel	6 783	152 928	154 220	-
<b>Total Services</b>	<b>29 648</b>	<b>226 084</b>	<b>162 734</b>	<b>53 219</b>

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

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Key Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

#### 51.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

#### 51.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 30.1, 30.2 and 31 to the Annual Financial Statements.

				2023 R	2022 R
<b>51.5 Purchases from Related Parties</b>					
The municipality bought goods from the following companies, which are considered to be Related Parties:					
Company Name	Related Person	Municipal Capacity	Nature of relationship	Purchases for the Year	Purchases for the Year
MJ Treats	M Terblanche-Koman	Manager	Spouse of Director	-	5 400
<b>Total Purchases</b>				<b>-</b>	<b>5 400</b>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.



**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
<b>52. CONTINGENT LIABILITIES</b>		
<b>52.1 Court Proceedings:</b>	<b>585 671</b>	<b>585 671</b>
(i) Claim for Services Rendered: Phambili Civils lodged a claim against the municipality for services rendered that is payable in respect of a contract. Await Third Party's Plea in order to settle matter before it goes to trial. Legal costs is estimated at R60 000 (2021/22: R100 000). The outcome of the matter is still uncertain.	585 671	585 671
<b>52.2 Other:</b>	<b>1 191 727</b>	<b>951 521</b>
(i) VAT Payable on Library Grant: The municipality has recently become aware that it may have a VAT liability due to a technical interpretation on the treatment of VAT on library funding. The library funding is received from the Western Cape Department of Cultural Affairs (DCAS). At the date of these financial statements, the municipality, together with most other municipalities in the Western Cape, have uncertainty on this matter and are in process of seeking further clarification. The output tax that may be payable by the municipality (including tax and penalties), which represents a possible outflow of resources embodying economic benefits to SARS as at 30 June is estimated to be R1 191 727 (2022: R951 521).	1 191 727	951 521

According to Section 217(3) of the Tax Administration Act (TAA), the municipality may apply to The South African Revenue Service (SARS) for the reversal of the percentage penalty imposed in terms of section 213. SARS is satisfied that the penalty which has been imposed in respect of a "first incidence" of non-compliance, reasonable grounds for the non-compliance exist; and the non-compliance in issue has been remedied, it may result in the total liability being reduced by R94,852 (2022: R74,048).

Section 223 of the TAA, however, also imposes an additional understatement penalty of between 10% and 150%, with the applicable penalty based on a spectrum of behavioural criteria. Due to uncertainty of the penalty percentage and the criteria that will be used, this additional understatement penalty is difficult to calculate and thus cannot be estimated reliably. This penalty may be waived by SARS in the case of a voluntary disclosure relief application.

**53. ANALYSIS OF PRINCIPAL / AGENCY ACCOUNTING**

**53.1 Municipality acting as the Principal**

**53.1.1 Sale of Prepaid Electricity and Water**

The municipality has a service provider, Syntell, who acts as an agent for the municipality with the sale of prepaid electricity and water. The service provider invoices the municipality for commission payable and no penalties are payable if the contract with the agent is terminated.

Commission to the amount of R97 679 (2022: R179 542) was paid to the agent in lieu of agency services rendered. An amount of R428 (2022: R1 577) was due to Syntell at year-end.

**53.1.2 Provincial Traffic Fines**

The municipality has an arrangement with the Provincial Department of Transport and Public Works who acts as an agent for the municipality with regards to the issuing of fines for various traffic violations within the Laingsburg Municipal Area. There is no charge for this service and all fines issued to third parties are for the benefit of the municipality.

**53.1.3 Camera Fines**

The municipality has a service provider, Central Karoo Traffic Systems (Pty) Ltd, who acts as an agent for the municipality with regards to the issuing and recovery of camera fines issued within the Laingsburg Municipal Area. The service provider invoices the municipality for commission payable and no penalties are payable if the contract with the agent is terminated. All fines issued to third parties are for the benefit of the municipality.

Commission to the amount of R0 (2022: R673 897) was paid to the agent in lieu of agency services rendered. No amount (2022: No amount) was due to CTKS at year-end.

The prior year's amounts have been restated in terms of a 2022 finding issued by the Auditor General.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**2023**  
R                      **2022**  
R

**53.2 Municipality acting as the Agent**

**53.2.1 Motor Vehicle Licensing and Registration**

The municipality acts as agent for the Western Cape's Department of Transport and Public Works where it provides motor vehicle registration and licensing services on behalf of the department.

**(a) Details of the Arrangement(s) is/are as follows:**

The Municipality undertakes to render Motor Vehicle Licensing Services on behalf of the Western Cape Department of Transport and Transport, and collects a commission of 12% plus VAT.

**(b) Resources held on behalf of the Principal, but recognised in the municipality's own Financial Statements:**

The Resources regarding the Licensing Department, remain their own and do not form part of the municipality's Financial Statements.

**(c) Revenue Recognised:**

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R184 917 (2022: R193 586).

**(d) Category(ies) of Revenue received or to be received on behalf of the Principal, are:**

Categories	Additional Details
Licensing Fees	Income collected on behalf of DOT and Provincial Transport for Motor Vehicle Registrati

**2023**  
R                      **2022**  
R

**(e) Category(ies) of Expenses paid or accrued on behalf of the Principal, are:**

The municipality does not incur any expenses on behalf of the principal.

**(h) Amount of Revenue received on behalf of the Principal during the Reporting Period:**

Motor Vehicle Licence Fees & RTMC Transaction Fees	1 441 192	1 373 069
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**(i) Reconciliation of the Carrying Amount of Payables:**

Opening Balance	(48 302)	(40 233)
Revenue Received on behalf of the Principal	1 441 192	1 373 069
Amounts Transferred to the Principal	<u>(1 432 779)</u>	<u>(1 381 138)</u>
Closing Balance	<u><u>(39 889)</u></u>	<u><u>(48 302)</u></u>

The prior year's amounts have been restated in terms of the 2022 COMAF 92 issued by the Auditor Gener:

**54. COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 43.).

**55. OTHER EXTRA-ORDINARY DISCLOSURES**

**55.1 COVID-19 EXPENDITURE**

**COVID-19 in South Africa**

Although the coronavirus was international news since December 2019, it was only on 5th March 2020 that the South African National Institute for Communicable Diseases confirmed that a suspected case of COVID-19 had tested positive. On 23rd March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30th March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.



## LAINGSBURG MUNICIPALITY

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
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The table below indicates the total COVID-19 response expenditure (inclusive of VAT where applicable) for the period ending 30 June 2023:

#### COVID-19 EXPENDITURE

##### Operating Expenditure

Materials and supplies	-	412 017
------------------------	---	---------

##### Total Operating Expenditure

	<u>-</u>	<u>412 017</u>
--	----------	----------------

##### Total COVID-19 Expenditure

	<u>-</u>	<u>412 017</u>
--	----------	----------------

The table below indicates the Funding Sources for the total COVID-19 response expenditure (inclusive of VAT where applicable) for the period ending 30 June 2023:

#### COVID-19 FUNDING

##### Funding Sources for COVID-19 Expenditure

Safety Response to Covid-19 Grant (CKDM)	-	405 624
--	---	---------

Equitable Share	-	5 452
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Community Development Workers (CDW) Operational Support Grant	-	942
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##### Total Funding for COVID-19 Expenditure

	<u>-</u>	<u>412 017</u>
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## 56. GOING CONCERN ASSESSMENT

Management considered the following matters in relation to the Going Concern position of Laingsburg Municipality:

(i) On 31 May 2022 the Council adopted the 2022/23 to 2024/25 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

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**57. SEGMENT REPORTING**

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has eight primary reportable segments:

- **The segment for Executive and Council Services:-**  
- This segment consists of executive services and support services to the executive.
- **The segment for Finance and Administration Services:-**  
- This segment consists of services such as finance & administration, the providing of housing to the community and planning & development.
- **The segment for Community and Social Services:-**  
- This segment consists of all services for community & social development, public safety, providing of health to the community and sport & recreation.
- **The segment for Road Transport Services:-**  
- This segment consists of all services for providing roads & storm water in the municipal area.
- **The segment for Energy Sources:-**  
- This segment consists of all services for energy supply to the community.
- **The segment for Waste Management:-**  
- This segment consists of all services for the management of solid waste in the municipal area.
- **The segment for Waste Water Management:-**  
- This segment consists of all services for the management of waste water, including sewage, in the municipal area.
- **The segment for Water Management:-**  
- This segment consists of all services for water supply to the community.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are set off against each other as internal charges, and are therefore eliminated and not reported in Segment Reporting. The quality of services provided internally is monitored as part of the service performance information.

The municipality operates within the following geographical areas:

Ward	Area
1	Town of Laingsburg and surrounding farms

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**57.1 Segmental Analysis of Financial Performance**

**Year Ended 30 June 2023**

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
<b>REVENUE</b>									
<b>Revenue from Non-exchange Transactions</b>									
Property Rates	-	5 179 522	-	-	-	-	-	-	5 179 522
Fines, Penalties and Forfeits	-	-	54 092 091	-	-	-	-	-	54 092 091
Transfers and Subsidies	-	48 808 137	1 595 000	1 117 478	609 118	472 170	540 077	569 204	53 711 185
Service Charges	-	-	-	-	94 451	-	116 001	64 966	275 418
Surcharges and Taxes	-	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land Earned	-	336 710	-	-	-	-	-	-	336 710
<b>Revenue from Exchange Transactions</b>									
Licences and Permits	-	-	194 405	-	-	-	-	-	194 405
Service Charges	-	14 235	-	-	14 669 872	2 528 404	2 095 065	2 816 951	22 124 527
Sales of Goods and Rendering of Services	-	76 051	19 570	22 453	-	1 460	-	-	119 534
Income from Agency Services	-	184 917	-	-	-	-	-	-	184 917
Rental from Fixed Assets	-	1 730 966	549	-	-	-	-	-	1 731 515
Interest, Dividends and Rent on Land Earned	-	1 097 710	-	-	-	-	-	-	1 097 710
Operational Revenue	-	19 713	-	-	-	-	-	-	19 713
<b>Total Revenue</b>	<b>-</b>	<b>57 447 961</b>	<b>55 901 615</b>	<b>1 139 932</b>	<b>15 373 442</b>	<b>3 002 034</b>	<b>2 751 143</b>	<b>3 451 121</b>	<b>139 067 247</b>
<b>EXPENDITURE</b>									
Employee Related Costs	4 895 064	9 262 568	4 766 087	8 971 430	235 343	868 781	1 020 734	1 567 469	31 587 476
Remuneration of Councillors	3 318 112	-	-	-	-	-	-	-	3 318 112
Depreciation and Amortisation	347 028	268 659	641 106	3 818 946	662 280	2 225 832	1 977 137	2 316 611	12 257 598
Impairment Losses	1 770 960	(361 218)	47 695 345	-	27 750	328 890	309 578	536 624	50 307 929
Interest, Dividends and Rent on Land	-	682 133	-	-	-	2 084 840	-	-	2 766 972
Bulk Purchases	-	-	-	-	10 737 433	-	-	-	10 737 433
Contracted Services	55 285	3 373 425	374 194	350 433	664 442	191 652	(151 983)	219 510	5 076 957
Inventory Consumed	72 658	53 859	194 975	674 422	276 658	381 274	78 075	810 099	2 542 020
Transfers and Subsidies Paid	7 861	4 612	-	-	-	-	-	-	12 473
Operating Leases	-	617 017	2 173	-	-	-	-	-	619 190
Operational Costs	655 761	10 928 250	537 548	522 358	137 637	81 679	92 806	839 385	13 795 425
Loss on Disposal of Property, Plant and Equipment	-	4 830 853	-	-	-	-	-	-	4 830 853
<b>Total Expenditure</b>	<b>11 122 728</b>	<b>29 660 158</b>	<b>54 211 428</b>	<b>14 337 588</b>	<b>12 741 543</b>	<b>6 162 948</b>	<b>3 326 347</b>	<b>6 289 697</b>	<b>137 852 437</b>
<b>Surplus/(Deficit) for the Year</b>	<b>(11 122 728)</b>	<b>27 787 803</b>	<b>1 690 187</b>	<b>(13 197 657)</b>	<b>2 631 899</b>	<b>(3 160 913)</b>	<b>(575 204)</b>	<b>(2 838 576.33)</b>	<b>1 214 810</b>

**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Year Ended 30 June 2022

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
<b>REVENUE</b>									
<b>Revenue from Non-exchange Transactions</b>									
Property Rates		4 657 378	-	-	-	-	-	-	4 657 378
Fines, Penalties and Forfeits	-	-	23 990 174	-	-	-	-	-	23 990 174
Transfers and Subsidies	-	36 356 810	1 684 000	1 946 895	1 301 529	1 008 618	1 207 826	1 225 758	44 731 436
Service Charges	-	-	-	-	97 020	-	125 499	71 343	293 862
Surcharges and Taxes	-	1 035 394	-	-	-	-	-	-	1 035 394
Interest, Dividends and Rent on Land Earned	-	238 308	-	-	-	-	-	-	238 308
<b>Revenue from Exchange Transactions</b>									
Licences and Permits	-	-	467 255	-	-	-	-	-	467 255
Service Charges	-	15 453	-	-	15 540 164	2 030 025	1 938 171	3 016 368	22 540 182
Sales of Goods and Rendering of Services	-	59 189	17 849	27 312	-	400	-	-	104 749
Income from Agency Services	-	193 586	-	-	-	-	-	-	193 586
Rental from Fixed Assets	-	1 672 108	2 287	80 020	-	-	-	-	1 754 415
Interest, Dividends and Rent on Land Earned	-	903 044	-	-	-	-	-	-	903 044
Operational Revenue	-	95 465	-	-	-	-	-	-	95 465
<b>Total Revenue</b>	<b>-</b>	<b>45 226 735</b>	<b>26 161 565</b>	<b>2 054 228</b>	<b>16 938 713</b>	<b>3 039 043</b>	<b>3 271 496</b>	<b>4 313 469</b>	<b>101 005 248</b>
<b>EXPENDITURE</b>									
Employee Related Costs	4 729 143	8 936 469	4 593 015	9 364 557	-	836 992	976 046	1 513 130	30 949 353
Remuneration of Councillors	3 183 104	-	-	-	-	-	-	-	3 183 104
Depreciation and Amortisation	266 883	750 270	-	3 819 210	663 237	2 224 582	1 852 255	2 630 747	12 207 183
Impairment Losses	1 348 054	21 021 357	6 869	-	151 192	270 241	315 481	358 583	23 471 777
Interest, Dividends and Rent on Land	-	461 121	-	-	-	2 460 599	-	-	2 921 720
Bulk Purchases	-	-	-	-	11 734 645	-	-	-	11 734 645
Contracted Services	29 471	2 936 611	258 521	267 444	230 219	289 505	564 354	200 204	4 776 330
Inventory Consumed	39 525	119 762	249 987	542 128	304 458	521 450	228 096	586 079	2 591 486
Transfers and Subsidies Paid	119 989	94 872	-	-	-	-	-	-	214 861
Operating Leases	-	496 099	22 908	-	-	-	-	-	519 006
Operational Costs	596 246	12 623 558	1 055 141	378 839	216 437	71 802	71 768	577 312	15 591 103
Loss on Disposal of Property, Plant and Equipment	-	2 867 456	-	-	-	-	-	-	2 867 456
<b>Total Expenditure</b>	<b>10 312 415</b>	<b>50 307 575</b>	<b>6 186 441</b>	<b>14 372 179</b>	<b>13 300 188</b>	<b>6 675 172</b>	<b>4 008 000</b>	<b>5 866 056</b>	<b>111 028 025</b>
<b>Surplus/(Deficit) for the Year</b>	<b>(10 312 415)</b>	<b>(5 080 840)</b>	<b>19 975 124</b>	<b>(12 317 951)</b>	<b>3 638 526</b>	<b>(3 636 129)</b>	<b>(736 505)</b>	<b>(1 552 587.39)</b>	<b>(10 022 777)</b>





**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**57.2 Other Segmental Analysis Disclosures**

**Year Ended 30 June 2023**

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
<b>Financial Position</b>									
The main components of the Financial Position that is currently considered, and managed, within the defined municipal segments have been determined as follows:									
Receivables from Exchange Transactions:									
- Deposits	-	2 252 538	-	-	-	-	-	-	2 252 538
- Electricity	-	-	-	-	212 428	-	-	-	212 428
- Refuse	-	-	-	-	-	406 128	-	-	406 128
- Sewerage	-	-	-	-	-	-	(327 258)	-	(327 258)
- Water	-	-	-	-	-	-	-	50 473	50 473
- Other Receivables	-	2 423 258	-	-	-	-	-	-	2 423 258
	-	4 675 795	-	-	212 428	406 128	(327 258)	50 473	5 017 566
Statutory Receivables from Non-exchange Transactions:									
- Fines	-	-	4 036 013	-	-	-	-	-	4 036 013
- Property Rates	-	227 933	-	-	-	-	-	-	227 933
- Service Charges	-	19 523	-	-	-	-	-	-	19 523
	-	247 456	4 036 013	-	-	-	-	-	4 283 469
Capital Assets:									
- Property, Plant and Equipment	-	265 748 621	-	-	-	-	-	-	265 748 621
- Intangible Assets	-	263 637	-	-	-	-	-	-	263 637
- Investment Property	-	22 152 686	-	-	-	-	-	-	22 152 686
- Heritage Assets	-	43 354	-	-	-	-	-	-	43 354
	-	288 208 299	-	-	-	-	-	-	288 208 299
<b>Total for Financial Position</b>	-	<b>293 131 550</b>	<b>4 036 013</b>	-	<b>212 428</b>	<b>406 128</b>	<b>(327 258)</b>	<b>50 473</b>	<b>297 509 334</b>
<b>Capital Expenditure</b>									
Property, Plant and Equipment	-	21 412 547	-	-	-	-	-	-	21 412 547
Intangible Assets	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
<b>Total for Capital Expenditure</b>	-	<b>21 412 547</b>	-	-	-	-	-	-	<b>21 412 547</b>

**LAINGSBURG MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Year Ended 30 June 2022

Description	Executive and Council	Finance and Administration	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Total for Municipality
	R	R	R	R	R	R	R	R	R
<b>Financial Position</b>									
The main components of the Financial Position that is currently considered, and managed, within the defined municipal segments have been determined as follows:									
Receivables from Exchange Transactions:									
- Deposits	-	2 155 685	-	-	-	-	-	-	2 155 685
- Electricity	-	-	-	-	873 244	-	-	-	873 244
- Refuse	-	-	-	-	-	393 273	-	-	393 273
- Sewerage	-	-	-	-	-	-	(240 112)	-	(240 112)
- Water	-	-	-	-	-	-	-	216 697	216 697
- Other Receivables	-	1 976 805	-	-	-	-	-	-	1 976 805
	-	4 132 489	-	-	873 244	393 273	(240 112)	216 697	5 375 591
Statutory Receivables from Non-exchange Transactions:									
- Fines	-	-	5 482 713	-	-	-	-	-	5 482 713
- Property Rates	-	262 367	-	-	-	-	-	-	262 367
- Service Charges	-	24 661	-	-	-	-	-	-	24 661
	-	287 029	5 482 713	-	-	-	-	-	5 769 742
Capital Assets:									
- Property, Plant and Equipment	-	263 528 149	-	-	-	-	-	-	263 528 149
- Intangible Assets	-	349 850	-	-	-	-	-	-	349 850
- Investment Property	-	22 638 304	-	-	-	-	-	-	22 638 304
- Heritage Assets	-	43 354	-	-	-	-	-	-	43 354
	-	286 559 658	-	-	-	-	-	-	286 559 658
<b>Total for Financial Position</b>	-	<b>290 979 176</b>	<b>5 482 713</b>	-	<b>873 244</b>	<b>393 273</b>	<b>(240 112)</b>	<b>216 697</b>	<b>297 704 991</b>
<b>Capital Expenditure</b>									
Property, Plant and Equipment	-	10 747 370	-	-	-	-	-	-	10 747 370
Intangible Assets	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
<b>Total for Capital Expenditure</b>	-	<b>10 747 370</b>	-	-	-	-	-	-	<b>10 747 370</b>

