



**SUNDAY'S RIVER VALLEY LOCAL MUNICIPALITY**  
(Demarcation code: EC108)

**UNAUDITED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**AUDITOR GENERAL**  
**SOUTH AFRICA**

**30 NOV 2024**

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

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The reports and statements set out below comprise the unaudited annual financial statements presented to the the council.

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# Sunday's River Valley Local Municipality

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### Abbreviations used:

AO	Accounting Officer
ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
CFO	Chief Finance Officer
CLLR	Councilor
CPI	Consumer Price Index
CRC	Current Replacement Cost
DORA	Division of Revenue Act
DTSL	Department of Transport, Safety and Liaison
DWS	Department of Water Affairs and Sanitation
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognized Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IDP	Integrated Development Plan
IRD	Initial Rate of Deposition
IPSAS	International Public Sector Accounting Standards
INEP	Integrated National Electrification Programme
LFG	Landfill Gas
LG SETA	Local Government Sector Education Training Programme
LSA	Long Service Awards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal Systems Improvement Grant
NERSA	National Energy Regulator of South Africa

# Sunday's River Valley Local Municipality

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PAYE	Pay As You Earn
PEMA	Post-employment Medical Aid Subsidy Liability
PPP's	Public Private Partnerships
RDP	Reconstruction and Development Programme
SALGA	South African Local Government Association
SARS	South African Revenue Service
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SDBIP	Service Delivery and Budget Implementation Plan
SOL	Skills Development Levy
SG	Surveyor-General
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation
WCA	Workers Compensation Administration

# Sunday's River Valley Local Municipality

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### Relevant Legislation:

Constitution of the Republic of South Africa (Act no 108 of 1996)

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

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

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Legal form of entity</b>	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).
<b>Nature of business and principal activities</b>	<p>Sunday's River Valley Local Municipality is local municipality performing functions as set out in the Constitution (Act no 105 of 1996).</p> <p>The municipality's operations are governed by the Local Government Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems (Act 32 of 2000) and various other acts and regulations.</p>
<b>Grading of municipal Council for the upper limits for Councillors</b>	Grade 3 Local Municipality
<b>Grading of remuneration of municipal manager and senior managers</b>	Grade 3 Local Municipality
<b>Wage curve categorisation</b>	Grade 3 Local Municipality
<b>Accounting Officer</b>	T Klaas
<b>Chief Finance Officer (CFO)</b>	J Krapohl
<b>Registered office</b>	23 Middle Street Kirkwood 6120
<b>Business address</b>	23 Middle Street Kirkwood 6120
<b>Postal address</b>	PO Box 47 Kirkwood 6120
<b>Bankers</b>	First National Bank Limited
<b>Auditors</b>	Auditor General - South Africa
<b>Attorneys</b>	Pumeza Bono Incorporated Le Roux Inc Attorneys Karsans Incorporated B Mashile Attorneys
<b>Level of assurance</b>	These unaudited annual financial statements will be audited in compliance with the applicable requirements of the Municipal Finance Management Act, No 56 of 2003.
<b>Email address</b>	<a href="mailto:srvm@srvm.gov.za">srvm@srvm.gov.za</a>
<b>Website</b>	<a href="https://srvm.gov.za/">https://srvm.gov.za/</a>
<b>Telephone number</b>	(042) 230 7700
<b>WhatsApp number</b>	078 266 6230

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Members of the Municipal Council

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**Mayor**

Cllr. S Lucas

**Speaker**

Cllr. SC Nodonti

**Ward Councillors**

Cllr. MC Payi

Cllr. N Langbooi

Cllr. XJ Jonas

Cllr. L.E Baka

Cllr. Z Qusheka

Cllr. NR Baxana

Cllr. AM Ndawo

Cllr. PN Ncambele

**Proportional Representative Councillors**

Cllr. SC Nodonti

Cllr. S Lucas

Cllr. H Jagers

Cllr. K Smith

Cllr. M Bosman

Cllr. H Bayini

Cllr. B Dyantyi

Cllr. HS Hendricks

**Council committees**

**Executive Committee**

**Chairperson:**

Cllr. S Lucas

**Members:**

Cllr. K Smith

Cllr. MC Payi

**Finance, Administration and LED**

**Chairperson:**

Cllr. S Lucas

**Members:**

Cllr. H Jagers

Cllr. N Langbooi

Cllr. XJ Jonas

Cllr. H Bayini

Cllr. NR Baxana

**Community Services and Public safety**

**Chairperson:**

Cllr. K Smith

**Members:**

Cllr. Z Qusheka

Cllr. N Langbooi

Cllr. N Ncambele

Cllr. H Jagers

Cllr. AM Ndawo

Cllr. HS Hendricks

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Members of the Municipal Council

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#### Infrastructure, Planning and Development

Chairperson:

Cllr. MC Payi

Members:

Cllr. Z Qusheka

Cllr. N Ncambele

Cllr. NR Baxana

Cllr. M Bosman

Cllr. B Dyantyi

#### Financial misconduct board

Chairperson:

Advocate P Songo (Attorney / Legal expert)

Members:

Prof W Plaatjes (Audit & Risk Committee, SRVM)

Mr M Ngwadla (Provincial Treasury)

Mr A P Kondile (Director Corporate Services, SRVM)

Mr S Nkuntayi (Chief Audit Executive, SRVM)

#### Municipal public account committee (MPAC)

Chairperson:

Cllr. LE Baka

Members:

Cllr. N Langbooi

Cllr. XJ Jonas

Cllr. H Bayini

Cllr. NR Baxana

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the unaudited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the unaudited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended 30 June 2024. The external auditors are engaged to express an independent opinion on the unaudited annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continues to procure funding for the ongoing operations for the municipality and that the municipality is very reliant on grants from National Treasury. Funding will be received from National Treasury as long as the municipality complies with all legislative requirements. The collection of outstanding consumer debtor accounts and effective service delivery is also a priority of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's management team, external auditors and other oversight governance structures of Council.

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

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Accounting Officer's Responsibilities and Approval

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The accounting officer further certifies that the salaries, allowances and benefits of councillors and payments made to councillors for loss of office, if any, as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The unaudited annual financial statements set out on page 13 - 125, which have been prepared on the going concern basis, was approved by the accounting officer on 31 August 2024 and was signed by him.



T Klaas

Municipal Manager (Accounting Officer)  
Sunday's River Valley Local Municipality  
31 August 2024

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2024.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interests of the local community and operates principally in South Africa.

The municipality is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government Municipal Demarcation Act, 1998 and operates in South Africa. The municipality is a South African Category B/Grade 3.

The operating results and state of affairs of the municipality are fully set out in the attached unaudited annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was (R 39,139,478) (2023 surplus R 30,722,183).

### 2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of R (815,611,963) and that the municipality's total assets exceed its liabilities by R( 622,832,570).

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

### 3. Subsequent events

The accounting officer stated the following relating to of any matter or circumstance arising since the end of the financial year 30 June 2024.

MPAC investigated irregular expenditure to be submitted to council for write off

### 4. Accounting Officers' interest in contracts

The Accounting Officer does not have an interest in contracts awarded, either direct or indirect.

### 5. Accounting policies

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

### 6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Mr T Klaas

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

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### 7. Corporate governance

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa of November 2016. The accounting officer discusses the responsibilities of management in this respect, at Council meetings and monitors the municipality's compliance with the code on a quarterly basis.

### Audit committee

Chairperson:  
Members:

Prof. W Plaatjies  
M Wait  
T Knoetze

### 8. Bankers

The municipality's primary bank accounts are with First National Bank Limited and will continue to bank with them in the new financial year.

### 9. Auditors

Auditor General - South Africa will continue in office for the next financial period.

### 10. Public Private Partnership

The municipality did not enter into any Public-Private Partnerships for the financial year under review, nor does it have any existing PPP's

### 11. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Management Act (Act 56 of 2003), all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Management Act (Act 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

The unaudited annual financial statements set out on pages 10 to 125, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and was signed by him.



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T Klaas  
Municipal Manager (Accounting Officer)  
Sunday's River Valley Local Municipality  
31 August 2024

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Certification of Remuneration of Councillors

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#### Declaration by the Accounting Officer

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 and according to the Government Gazette 46470 dated 02/06/2022. This read with the Remuneration of Public Officer Bearers Act, Circular 14/2015 dated 27 March 2015 of SALGA, the Minister of Corporative Governance and Traditional Affairs' determination in accordance with this Act and the approval letter received from the Minister of Corporative Governance, Human Settlements and Traditional Affairs on 3 April 2018.



T Klaas

Municipal Manager (Accounting Officer)

Sunday's River Valley Local Municipality

31 August 2024

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated <sup>*</sup>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	7,100,644	5,477,924
Inventories	5	308,870	529,331
Other financial assets	60	67,694	48,528
Receivables from exchange transactions	6	9,304,548	7,073,051
Receivables from non-exchange transactions	7	7,211,309	8,134,988
VAT receivable		1,445,722	-
<b>Total Current Assets</b>		<b>25,438,787</b>	<b>21,263,822</b>
<b>Non-Current Assets</b>			
Heritage assets	9	322,483	322,483
Investment property	10	40,204,539	39,989,565
Property, plant and equipment	11	942,425,547	942,037,161
<b>Total Non-Current Assets</b>		<b>982,952,569</b>	<b>982,349,209</b>
<b>Total Assets</b>		<b>1,008,391,356</b>	<b>1,003,613,031</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Consumer deposits	12	83,988	80,237
Employee benefit obligation	13	901,647	852,709
Payables from exchange transactions	14	130,437,638	87,715,847
Provisions	15	3,797,836	3,249,261
Unspent conditional grants and receipts	16	-	4,634,176
VAT payable	61	-	188,917
<b>Total Current Liabilities</b>		<b>135,221,109</b>	<b>96,721,147</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	13	6,711,000	5,858,291
Provisions	15	50,847,284	46,282,153
<b>Total Non-Current Liabilities</b>		<b>57,558,284</b>	<b>52,140,444</b>
<b>Total Liabilities</b>		<b>192,779,393</b>	<b>148,861,591</b>
<b>Net Assets</b>			
Accumulated surplus		815,611,963	854,751,440
<b>Total Net Assets</b>		<b>815,611,963</b>	<b>854,751,440</b>

\* See Note 44

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Agency services	17	2,954,906	1,929,010
Interest income	18	14,989,267	11,218,688
Licences and permits	20	988,845	1,167,276
Rental of facilities and equipment	21	146,875	65,769
Service charges	22	55,728,227	47,678,000
Operational revenue	23	1,382,484	720,630
<b>Total revenue from exchange transactions</b>		<b>76,190,604</b>	<b>62,779,373</b>
<b>Revenue from non-exchange transactions</b>			
Taxation revenue	19	7,238,235	8,931,372
Interest income	24	44,517,113	49,220,023
Property rates			
<b>Transfer revenue</b>	25	<b>367,761</b>	<b>108,890</b>
Fines	26	171,596,339	185,137,843
Government grants and subsidies			
<b>Total revenue from non-exchange transactions</b>		<b>223,719,448</b>	<b>243,398,128</b>
<b>Total revenue</b>		<b>299,910,052</b>	<b>306,177,501</b>
<b>Expenditure</b>			
Bulk purchases	27	(28,362,540)	(22,453,722)
Contracted services	28	(51,629,259)	(34,816,856)
Debt impairment	29	(39,747,616)	(26,289,911)
Bad debts written off	30	(5,062,733)	(14,356,240)
Depreciation	31	(42,889,988)	(36,797,853)
Employee related costs	32	(100,565,359)	(89,967,031)
Finance costs	33	(11,184,427)	(6,678,572)
General expenses	34	(36,716,409)	(36,799,046)
Inventory consumed	35	(7,660,127)	(8,557,133)
Remuneration of councillors	36	(7,281,729)	(7,276,274)
Transfers and Subsidies		-	(10,000)
<b>Total expenditure</b>		<b>(341,100,187)</b>	<b>(284,002,638)</b>
<b>Operating (deficit) surplus</b>		<b>(41,190,135)</b>	<b>22,174,863</b>
Actuarial gains	13	(206,311)	(206,409)
Fair value adjustments	38	214,973	756,004
Inventories losses/write-downs		-	101,249
Loss on disposal of assets and liabilities	11	(197,629)	(39,964)
Reversal of impairments	37	2,239,624	7,936,440
<b>(Deficit) surplus for the year</b>		<b>(39,139,478)</b>	<b>30,722,183</b>

\* See Note 44

## Sunday's River Valley Local Municipality

(Demarcation code EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

### Statement of Changes in Net Assets for the year ended 30 June 2024

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	922,311,552	922,311,552
Adjustments		
Prior year adjustments 44	(98,282,295)	(98,282,295)
<b>Balance at 01 July 2022 as restated*</b>	<b>824,029,257</b>	<b>824,029,257</b>
Changes in net assets		
Deficit for the year	30,722,183	30,722,183
Total changes	30,722,183	30,722,183
<b>Restated* Balance at 01 July 2023</b>	<b>854,751,441</b>	<b>854,751,441</b>
Changes in net assets		
Deficit for the year	(39,139,478)	(39,139,478)
Total changes	(39,139,478)	(39,139,478)
<b>Balance at 30 June 2024</b>	<b>815,611,963</b>	<b>815,611,963</b>
Note(s)		

\* See Note 44

## Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

### Cash Flow Statement for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		41,203,750	52,747,398
Sale of goods and services		38,937,762	18,501,121
Grants		166,962,162	183,168,203
Interest income		1,654,727	1,482,708
		<u>248,758,401</u>	<u>255,899,430</u>
<b>Payments</b>			
Employee costs		(105,056,147)	(97,921,414)
Suppliers		(95,448,602)	(92,250,403)
Finance costs		(6,691,255)	(2,790,720)
		<u>(207,196,004)</u>	<u>(192,962,537)</u>
<b>Net cash flows from operating activities</b>	40	<u>41,562,397</u>	<u>62,936,893</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	11	(52,925,998)	(78,946,818)
Disposal of property, plant and equipment	11	13,005,489	-
Proceeds from sale of financial assets		(19,166)	1,215,321
		<u>(39,939,675)</u>	<u>(77,731,497)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,622,722</u>	<u>(14,794,604)</u>
Cash and cash equivalents at the beginning of the year		5,477,924	20,272,532
<b>Cash and cash equivalents at the end of the year</b>	4	<u>7,100,646</u>	<u>5,477,928</u>

\* See Note 44

# Sunday's River Valley Local Municipality

(Registration number EC106)  
 Unaudited Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2024

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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### Statement of Financial Performance

#### Revenue

Revenue from exchange transactions						
Agency services	2 314 469	-	2 314 469	2 954 906	640 437	Note 58.2
Interest received - Investment	10 289 651	4 313 885	14 603 536	14 989 267	385 731	
Licences and permits	1 370 676	-	1 370 676	988 845	(381 831)	Note 58.3
Other income - (rollup)	7 175 374	(5 002 451)	2 172 923	1 382 484	(790 439)	Note 58.4
Rental of facilities and equipment	76 724	-	76 724	146 875	70 151	Note 58.1
Service charges	54 471 757	489 973	54 961 730	55 728 227	766 497	
<b>Total revenue from exchange transactions</b>	<b>75 698 651</b>	<b>(198 593)</b>	<b>75 500 058</b>	<b>76 190 604</b>	<b>690 546</b>	

#### Revenue from non-exchange transactions

Taxation revenue						
Interest, Dividends and Rent on Land	8 213 922	(564 541)	7 649 381	7 238 235	(411 146)	
Property rates	46 766 026	-	46 766 026	44 517 113	(2 248 913)	
Transfer revenue						
Fines, Penalties and Forfeits	1 762 231	-	1 762 231	367 761	(1 394 470)	Note 58.6
Government grants and subsidies	163 457 000	1 991 213	165 448 213	171 596 339	6 148 126	
<b>Total revenue from non-exchange transactions</b>	<b>220 199 179</b>	<b>1 426 672</b>	<b>221 625 851</b>	<b>223 719 448</b>	<b>2 093 597</b>	
<b>Total revenue</b>	<b>295 897 830</b>	<b>1 228 079</b>	<b>297 125 909</b>	<b>299 910 052</b>	<b>2 784 143</b>	

# Sunday's River Valley Local Municipality

(Registration number EC106)  
 Unaudited Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Expenditure</b>						
Bad debts written off	(21,421,337)	13,725,619	(7,695,718)	(5,062,733)	2,632,985	Note 58.12
Bulk purchases	(32,310,841)	4,214,458	(28,096,383)	(28,362,540)	(266,157)	
Contracted Services	(36,081,000)	(1,507,908)	(37,588,908)	(61,629,259)	(24,040,351)	Note 58.13
Debt Impairment	5,833,948	(38,317,440)	(32,483,492)	(39,747,616)	(7,264,124)	Note 58.11
Depreciation and amortisation	(26,883,230)	(2,797,466)	(29,680,696)	(42,889,988)	(13,209,292)	Note 58.7
Employee related costs	(92,831,573)	-	(92,831,573)	(100,565,359)	(7,733,786)	
Finance costs	(1,050,000)	(6,046,637)	(7,096,637)	(11,184,427)	(4,087,790)	Note 58.9
General Expenses	(39,570,331)	(22,662,167)	(62,232,498)	(44,376,536)	17,855,962	Note 58.15
Remuneration of councillors	(7,091,571)	(755,822)	(7,847,393)	(7,281,729)	565,664	
<b>Total expenditure</b>	<b>(251,405,935)</b>	<b>(54,147,363)</b>	<b>(305,553,298)</b>	<b>(341,100,187)</b>	<b>(35,546,889)</b>	
<b>Operating deficit</b>	<b>44,491,895</b>	<b>(52,919,284)</b>	<b>(8,427,389)</b>	<b>(41,190,135)</b>	<b>(32,762,746)</b>	
Actuarial gains	-	-	-	(206,311)	(206,311)	
Fair value adjustments	-	1,100,690	1,100,690	214,973	(885,717)	Note 58.16
Loss on disposal of assets and liabilities	(1,260,000)	1,760,000	500,000	(197,629)	(697,629)	Note 58.14
Impairment loss/ Reversal of impairments	3,568,266	4,050,000	7,618,266	2,239,624	(5,378,642)	Note 58.8
Inventories losses/write-downs	-	(101,250)	(101,250)	-	101,250	
	<b>2,308,266</b>	<b>6,809,440</b>	<b>9,117,706</b>	<b>2,050,657</b>	<b>(7,067,049)</b>	
<b>Deficit before taxation</b>	<b>46,800,161</b>	<b>(46,109,844)</b>	<b>690,317</b>	<b>(39,139,478)</b>	<b>(39,829,795)</b>	

# Sunday's River Valley Local Municipality

(Registration number EC106)  
Unaudited Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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### Statement of Financial Position

#### Assets

<b>Current Assets</b>						
Cash and cash equivalents	54,766,755	(87,265,275)	(32,498,520)	7,100,644	39,599,164	Note 58.21
Inventories	68,566	-	68,566	308,870	240,304	Note 58.17
Other financial assets	-	-	-	67,694	67,694	
Receivables from exchange transactions	10,611,704	9,676,065	20,287,769	9,304,548	(10,983,221)	Note 58.18
Receivables from non-exchange transactions	9,271,803	31,081,727	40,353,530	7,211,309	(33,142,221)	Note 58.19
VAT receivable	23,082,458	12,783,785	35,866,243	59,664,969	23,798,726	Note 58.20
<b>Total current assets</b>	<b>97,801,286</b>	<b>(33,723,698)</b>	<b>64,077,588</b>	<b>83,658,034</b>	<b>19,580,446</b>	

#### Non-Current Assets

Heritage assets	322,483	-	322,483	322,483	-	
Intangible assets	(204,360)	-	(204,360)	-	204,360	
Investment property	22,609,323	-	22,609,323	40,204,539	17,595,216	Note 58.22
Property, plant and equipment	842,977,674	(4,681,881)	838,295,793	942,425,547	104,129,754	Note 58.23
<b>Total non-current assets</b>	<b>865,705,120</b>	<b>(4,681,881)</b>	<b>861,023,239</b>	<b>982,952,569</b>	<b>121,929,330</b>	
<b>Total Assets</b>	<b>963,506,406</b>	<b>(38,405,579)</b>	<b>925,100,827</b>	<b>1,066,610,603</b>	<b>141,509,776</b>	

#### Liabilities

<b>Current Liabilities</b>						
Consumer deposits	2,636,677	-	2,636,677	83,988	(2,552,689)	Note 58.26
Employee benefit obligation	753,861	-	753,861	901,647	147,786	Note 58.27
Payables from exchange transactions	66,151,106	-	66,151,106	130,437,642	64,286,536	Note 58.24
Provisions	-	-	-	3,797,836	3,797,836	Note 58.29
Unspent conditional grants and receipts	6,603,815	-	6,603,815	-	(6,603,815)	Note 58.28
VAT payable	16,057,732	11,754,265	27,811,997	58,219,247	30,407,250	Note 58.25
<b>Total current liabilities</b>	<b>92,203,191</b>	<b>11,754,265</b>	<b>103,957,456</b>	<b>193,440,360</b>	<b>89,482,904</b>	

# Sunday's River Valley Local Municipality

(Registration number EC106)  
 Unaudited Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

<b>Non-Current Liabilities</b>						
Employee benefit obligation	5,112,139	-	5,112,139	6,711,000	1,598,861	Note 58.30
Provisions	44,765,365	-	44,765,365	50,847,284	6,081,919	Note 58.31
<b>Total non-current liabilities</b>	<b>49,877,504</b>	<b>-</b>	<b>49,877,504</b>	<b>57,558,284</b>	<b>7,680,780</b>	
<b>Total Liabilities</b>	<b>142,080,695</b>	<b>11,754,265</b>	<b>153,834,960</b>	<b>250,998,644</b>	<b>97,163,684</b>	
<b>Net Assets</b>	<b>821,425,711</b>	<b>(50,159,844)</b>	<b>771,265,867</b>	<b>815,611,959</b>	<b>44,346,092</b>	
<b>Net Assets</b>						
Accumulated surplus	821,425,711	(50,159,844)	771,265,867	815,611,963	44,346,096	Note 58.32

The accounting policies on pages 21 to 51 and the notes on pages 52 to 123 form an integral part of the unaudited annual financial statements.

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	2023
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### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

#### 1.1 Basis of preparations

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. The amounts disclosed in the annual financial statements are rounded-off to the nearest Rand.

#### 1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.4 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

When the final accounts have been closed, any transaction that occurs in respect of a prior period, is considered by management individually and collectively for materiality and the annual financial statements are amended with transactions that are material in amount or by nature.

#### 1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a payment rate basis per consumer. The payment rate is calculated on the total payments received per consumer in the current year, and then divided by the total revenue billed per consumer for the current year. The percentage is then converted to a non payment ratio. The non payment ratio is then multiplied with the consumers total outstanding balance. The movement between a consumers yearly impairment balance are accounted through profit and loss in the statement of financial performance.

#### Allowance for slow moving, damaged and obsolete stock

Management's judgement is required when determining the write down of stock to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the inventory note.

#### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell.

#### Provisions

Management's judgement is required when recognising and measuring provisions, contingent liabilities and contingent assets. Additional disclosure of these estimates of provisions are included in note 15.

#### Useful lives of infrastructure and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and investment properties. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. In the event that a depreciating asset is nearing the end of its useful life, the availability of budget to replace the asset is considered. If the asset is not budgeted to be replaced, the useful life is extended by one year. Depreciation is adjusted going forward.

#### Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the 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 the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in note 13.

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Effective interest rate

The municipality used the most relevant contractual risk rate applicable where relevant to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

#### Allowance for impairment

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows.

#### Recognition and Derecognition of Land

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are as follow (IGRAP 18 par. 41):

- Land controlled by the municipality as a result of a past event and from which future economic benefit or service potential is expected to flow to the entity are recognised by the municipality. Control is evidenced by the municipality's ability to use, or direct others to use, the land and also by the right to direct access to the land and to restrict or deny access of others to the land.

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follow (IGRAP 18 par. 41):

- Land not controlled by the municipality as a result of a past event and from which future economic benefit or service potential will not flow to the municipality. The municipality does not have the ability to use or direct others to use the land. The municipality does not have rights to direct access to the land and to restrict or deny access of others to the land. There are various housing scheme land where the municipality is still the legal owner per the deeds office, but where control and substantive rights were not transferred. These land are not recognised by the municipality.

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships

Additional information is disclosed in note 58.

#### Segment reporting

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

The municipality does not disclose the geographical areas in which it operates as it is not relevant for decision-making purposes.

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Interest on exchange and non exchange assets

In applying GRAP 104, GRAP 9 and GRAP 23 interest earned should be split based on the nature of the source of revenue, i.e., exchange and non-exchange. The financial system calculates interest on total debt outstanding monthly (Total balance due less interest charged not settled). Therefor interest is billed on total due (capital only amount). Management therefor to comply with the split on exchange and non-exchange calculates the total debt outstanding per source of revenue and then uses that to split interest earned between exchange and non-exchange transactions.

### 1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Revenue earned from rental of investment property is disclosed as part of rental of facilities and equipment and are thus not disclosed separately, as they are not material. Expenses in respect of investment property are disclosed as other expenditure and not disclosed separately as they are not material.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the unaudited annual financial statements (see note 10). Cost incurred to repair and maintain investment property comprises of goods and services and contracted services. These cost excludes labour cost.

# Sunday's River Valley Local Municipality

(Demarcation code EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.6 Investment property (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the unaudited annual financial statements (see note 10). All investment property under construction which have exceeded the initial planned completion date by two years are considered to be taking a significantly longer period of time to complete than expected.

### 1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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Item	Depreciation method	Average useful life
<b>Immovable assets</b>		
Buildings	Straight-line	7 - 50 years
Community	Straight-line	15 - 50 years
Infrastructure - Electricity network	Straight-line	15 - 40 years
Infrastructure - Roads network	Straight-line	15 - 80 years
Infrastructure - Solid waste network	Straight-line	15 - 50 years

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# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.7 Property, plant and equipment (continued)

Infrastructure - Water network	Straight-line	15 - 80 years
Land	Straight-line	Indefinite
<b>Movable assets</b>		
Computer equipment	Straight-line	5 - 15 years
Furniture and fixtures	Straight-line	5 - 15 years
Motor vehicles	Straight-line	7 - 15 years
Plant and machinery	Straight-line	5 - 15 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 11). The expenditure to repair and maintain property, plant and equipment comprises of goods and services and contracted services. These cost excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

### 1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit, and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 9). Cost incurred to repair and maintain heritage assets comprises of goods and services and contracted services. These costs excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9). Heritage Assets under construction are carried at cost. All assets under construction which have exceeded the initial planned completion date by two years are considered to be taking a significantly longer period of time to complete than expected.

#### Recognition

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

#### Initial measurement

Heritage assets are measured at cost.

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

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Heritage assets are not depreciated, since their long economic life and high residual value means that any depreciation would be immaterial. Heritage assets are considered to have indefinite useful lives.

#### Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback). The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value and is recognised in the statement of financial performance.

### 1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

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### 1.10 Financial instruments (continued)

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity

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

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

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## Accounting Policies

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### 1.10 Financial instruments (continued)

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution, or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial asset	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

### Initial recognition

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

The entity recognises financial assets using trade date accounting.

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## Accounting Policies

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### 1.10 Financial instruments (continued)

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value]

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

## **Accounting Policies**

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### **1.10 Financial instruments (continued)**

#### **Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value
- Financial instruments at amortised cost
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### **Fair value measurement considerations**

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

#### **Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### **Impairment and uncollectibility of financial assets**

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### **Financial assets measured at amortised cost:**

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

##### **Financial assets measured at cost:**

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

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## Accounting Policies

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### 1.10 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the asset, and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

##### Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a 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, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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## Accounting Policies

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### 1.10 Financial instruments (continued)

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

### 1.11 Statutory receivables

#### Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

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## Accounting Policies

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### 1.11 Statutory receivables (continued)

#### Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses

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

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

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

In estimating the future cash flows, a municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

#### Derecognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

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## Accounting Policies

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### 1.11 Statutory receivables (continued)

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

### 1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

The depreciation policy for depreciable leased assets is consistent with the normal depreciation policy for similar assets.

#### Operating leases - lessor

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

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

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

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

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

#### Operating leases - lessee

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

### 1.13 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. 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 inventories are manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing, construction or production process.

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## Accounting Policies

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### 1.13 Inventories (continued)

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition:

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 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, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position 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 is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

### 1.14 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The municipality assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by surveys of work done.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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## Accounting Policies

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### 1.14 Construction contracts and receivables (continued)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

### 1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.16 Impairment of cash and non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash generating assets, are as follows:

- None of the assets are managed with the objective of generating positive cash flows are expected to be significantly higher than the cost of the asset, and
- Although certain services assets generate positive cash flows, these are used for cross subsidisation of services assets that generate negative cash flows.

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return, such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of non-cash-generating assets.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.16 Impairment of cash and non-cash-generating assets (continued)

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

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### 1.16 Impairment of cash and non-cash-generating assets (continued)

#### Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.17 Employee benefits

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

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

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

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued based on the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against the statement of financial performance in the year in which they become payable.

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## Accounting Policies

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### 1.17 Employee benefits (continued)

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality provides long-service awards to eligible employees, after completion of every five years' service and the liability thereof is based on an actuarial valuation. The projected unit credit method has been used to value the obligation.

Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

#### Post-employment benefits

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

The municipality provides post-retirement benefits by subsidising the medical healthcare contributions of certain retired staff. According to the rules of the medical aid funds with which the municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past, or accrued and future in-service element. The liability is recognised at the fair value of the obligation, together with any adjustments required. The projected unit credit method has been used to value the obligation. Refer to note 13.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

# Sunday's River Valley Local Municipality

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## Accounting Policies

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### 1.17 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost; and
- the effect of any curtailments or settlements.

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

# Sunday's River Valley Local Municipality

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## Accounting Policies

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### 1.17 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

### 1.18 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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## Accounting Policies

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### 1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

### Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

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

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

### 1.19 Commitments

Capital commitments disclosed in the annual financial statements represent the contractual balance committed to capital projects on reporting date that will incurred in the period subsequent to the specific reporting date. The municipality discloses capital commitments exclusive of VAT.

### 1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

#### Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

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## Accounting Policies

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### 1.20 Revenue from exchange transactions (continued)

#### Sale of goods

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

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

#### Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

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

#### Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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## Accounting Policies

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### 1.21 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

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## Accounting Policies

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### 1.21 Revenue from non-exchange transactions (continued)

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

#### Unconditional Grants

Equitable share allocations are recognised in revenue in the beginning of the financial year.

#### Conditional Grants

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

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

#### Availability charges

The municipality recognise revenue for charges billed to consumers for all vacant or undeveloped land that has been serviced. These properties are not connected to the municipal infrastructure, but can be reasonably be connected to the service.

Availability charges arise from the application of the approved tariff of charges and is recognised when the the asset recognition criteria is met.

#### Fines

Availability charges arise from the application of the approved tariff of charges and is recognised when the the asset recognition criteria is met.

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Assets arising from fines are initially measured at its fair value at the date of acquisition, which is the best estimate of the inflow of economic benefits. The probability of non-payment is not considered at initial recognition.

The non-payment of traffic fines is estimated at subsequent measurement with reference to historical data and payment trend analysis. An impairment loss is recognised in surplus and deficit.

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

#### Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

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## Accounting Policies

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### 1.21 Revenue from non-exchange transactions (continued)

#### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

#### Unallocated deposit

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principles as enforced by the law.

### 1.22 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

#### Change in accounting policy due to amendments to GRAP 5 - Borrowing costs

The adoption of amendments to GRAP 5 - Borrowing costs resulted in a change in accounting policy during the current period. The effect of the change is that borrowing costs are now expensed when incurred, and this change is applied prospectively since 2017/07/01. The effective date of the amendments was 2020/04/01.

Borrowing costs, incurred both before and after the effective date of this amendment and related to qualifying assets for which the commencement date for capitalisation is prior to the effective date of this Standard, is recognised in accordance with the municipality's previous accounting policy.

### 1.24 Accounting by principals and agents

#### Identification

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

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

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

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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## Accounting Policies

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### 1.24 Accounting by principals and agents (continued)

#### Binding arrangement

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

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

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

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

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

### 1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.26 Unauthorised expenditure

Unauthorised expenditure is defined as any expenditure incurred by a municipality not in accordance with section 15 or 11(3) of the MFMA, and includes an overspending of the total amount appropriated in the municipality's approved budget, an overspending of the total amount appropriated for a vote in the approved budget, an expenditure from a vote unrelated to the department or functional area covered by the vote, an expenditure of money appropriated not in accordance for that specific purpose, a spending of an allocation not in accordance with any conditions of the allocation, or a grant made by the municipality not in accordance with the MFMA.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance 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 the statement of financial performance.

### 1.27 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance 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 the statement of financial performance.

Fruitless and wasteful expenditure is disclosed inclusive of VAT.

### 1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.28 Irregular expenditure (continued)

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is disclosed inclusive of VAT.

### 1.29 Consumer deposits

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

### 1.30 Offsetting

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

### 1.31 Segment information

A segment is an activity of an entity

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure.

### 1.32 Budget information

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The approved budget is prepared on an accrual basis and presented in accordance with the GRAP reporting framework.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same accounting basis and for the same municipality and same period but not on the same classification basis therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements based on the prescribed budget schedules using tables B1, B4, B6 and B7.

### 1.33 Related parties

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

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.33 Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

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

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its unaudited annual financial statements.

### 1.34 Events after reporting date

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

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.35 Change on accounting policies estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

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

The municipality identified and disclosed the impact of GRAP standards that have been issued but are not yet effective in accordance with the requirements of GRAP 3.

### 1.36 Bad debts written off

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

### 1.37 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).

The Municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.38 Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be backed by cash.

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

- The cash which backs up the liability is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the unspent conditional grant into the Statement of Financial Performance as revenue

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements for the year ended 30 June 2024

Figures in Rand	2024	2023
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the is not material.
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is not material.
• GRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.
• GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2023	The impact of the is not material.
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the is not material.
• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	The impact of the is not material.

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers		Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control		Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control		Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023		Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)		Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets		Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

#### 2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>3. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2024</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Other financial assets	67,694	67,694
Receivables from exchange transactions	9,304,547	9,304,547
Receivables from non-exchange transactions	6,877,551	6,877,551
Cash and cash equivalents	7,100,644	7,100,644
	<b>23,350,436</b>	<b>23,350,436</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Payables from exchange transactions	114,023,967	114,023,967
Consumer deposits	83,988	83,988
	<b>114,107,955</b>	<b>114,107,955</b>
<b>2023</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Other financial assets	48,528	48,528
Receivables from exchange transactions	7,073,052	7,073,052
Receivables from non-exchange transactions	7,801,231	7,801,231
Cash and cash equivalents	5,477,923	5,477,923
	<b>20,400,734</b>	<b>20,400,734</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Payables from exchange transactions	74,616,173	74,616,173
Consumer deposits	80,237	80,237
	<b>74,696,410</b>	<b>74,696,410</b>

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>4. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	11	11
Bank balances	902,507	1,247,704
Short-term deposits	6,198,126	4,230,209
	<b>7,100,644</b>	<b>5,477,924</b>
The total amount of undrawn facilities available for future operating activities and commitments	7,100,644	5,477,924
	<b>7,100,644</b>	<b>5,477,924</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
<b>Current accounts</b>						
FNB BANK - Primary Account - 620-254-90856	712,030	(52,379)	1,085,425	718,519	(2,327,808)	1,083,100
FNB BANK - Motor Account - 626-987-54134	167,007	1,181,102	503,408	178,048	1,202,785	513,244
FNB BANK - Traffic FinesAccount - 626-987-50009	5,218	73,591	24,280	5,218	73,591	28,280
<b>Short-term Investments</b>						
FNB BANK - MIG Account - 620-812-28621	1,000	1,000	24,203	1,000	1,000	24,203
FNB BANK - FMG Account - 621-494-57708	1,000	1,000	11,479,648	1,000	1,000	11,479,648
FNB BANK - Integrated ZoningAccount - 621-614-89086	261,000	1,000	3,613,135	261,000	1,000	3,613,135
FNB BANK - Town PlanningAccount - 621-789-42580	24,760	24,760	36,505	24,760	24,760	36,505
FNB BANK - INEP Account - 620-275-90589	226,310	3,346,667	913,518	226,310	3,346,667	913,518
FNB BANK - Salary Account - 620-849-69694	1,000	8,600	8,982	1,000	8,600	8,982
FNB BANK - EPWP Account - 623-874-75009	1,600	1,000	342,039	1,600	1,000	342,039
FNB BANK - Disaster RecoveryAccount - 623-940-71204	5,681,457	846,183	2,238,147	5,681,457	846,183	2,238,147
<b>Total</b>	<b>7,082,381</b>	<b>5,432,524</b>	<b>20,269,290</b>	<b>7,099,912</b>	<b>3,178,777</b>	<b>20,280,801</b>

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>5. Inventories</b>		
Consumable stores	102,560	160,831
Water for distribution	206,310	368,500
	<b>308,870</b>	<b>529,331</b>
<b>Water for distribution</b>		
Opening balance	368,500	161,943
Water Purchased	7,581,547	8,950,856
Chemicals used in purification	2,267,624	2,542,921
Cost of sale of water	(9,849,170)	(11,493,777)
Inventories adjustment	(162,189)	206,557
<b>Closing balance</b>	<b>206,310</b>	<b>368,500</b>

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>6. Receivables from exchange transactions</b>		
<b>Gross balances</b>		
Prepayments	1,574,683	1,543,280
Deposits	151,468	151,468
Consumer debtors - Electricity	19,400,204	15,592,116
Consumer debtors - Water	77,272,269	60,161,380
Consumer debtors - Waste water	18,629,443	13,967,432
Consumer debtors - Refuse	40,255,389	30,765,346
Consumer debtors - Sundry	12,919,055	13,533,563
	<b>170,202,511</b>	<b>135,714,585</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Electricity	(14,162,524)	(12,519,764)
Consumer debtors - Water	(75,945,655)	(58,950,616)
Consumer debtors - Waste water	(18,510,034)	(13,863,932)
Consumer debtors - Refuse	(40,021,407)	(30,572,117)
Consumer debtors - Sundry	(12,258,343)	(12,735,105)
	<b>(160,897,963)</b>	<b>(128,641,534)</b>
<b>Net balance</b>		
Prepayments	1,574,683	1,543,280
Deposits	151,468	151,468
Consumer debtors - Electricity	5,237,680	3,072,352
Consumer debtors - Water	1,326,614	1,210,764
Consumer debtors - Waste water	119,409	103,500
Consumer debtors - Refuse	233,982	193,229
Consumer debtors - Sundry	660,712	798,458
	<b>9,304,548</b>	<b>7,073,051</b>
<b>Electricity</b>		
Current (0 -30 days)	4,454,098	3,350,650
31 - 60 days	488,883	617,118
61 - 90 days	442,751	198,644
91 - 120 days	664,590	180,615
120+ Days	13,349,883	11,245,089
Impairment	(14,162,524)	(12,519,764)
	<b>5,237,680</b>	<b>3,072,352</b>
<b>Water</b>		
Current (0 -30 days)	3,265,336	1,365,630
31 - 60 days	1,480,081	1,189,930
61 - 90 days	1,480,467	1,030,359
91 - 120 days	1,450,722	1,037,237
120+ Days	69,595,663	55,538,223
Impairment	(75,945,655)	(58,950,616)
	<b>1,326,614</b>	<b>1,210,764</b>

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>6. Receivables from exchange transactions (continued)</b>		
<b>Waste water</b>		
Current (0 -30 days)	571,493	276,750
31 - 60 days	267,673	256,668
61 - 90 days	261,500	250,236
91 - 120 days	261,397	246,685
120+ Days	17,267,381	12,937,093
Impairment	(18,510,034)	(13,863,932)
	<b>119,409</b>	<b>103,500</b>
<b>Refuse</b>		
Current (0 -30 days)	1,070,303	554,506
31 - 60 days	510,485	527,650
61 - 90 days	502,024	517,445
91 - 120 days	500,706	513,352
120+ Days	37,671,871	28,652,393
Impairment	(40,021,407)	(30,572,117)
	<b>233,982</b>	<b>193,229</b>
<b>Sundry Debtors</b>		
Current (0 -30 days)	19,740	4,382
31 - 60 days	91,010	0
61 - 90 days	27,664	2,273
91 - 120 days	616,704	36,736
120+ Days	12,163,937	13,490,171
Impairment	(12,258,343)	(12,735,105)
	<b>660,712</b>	<b>798,458</b>

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>6. Receivables from exchange transactions (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Residential / Consumers</b>		
Current (0 -30 days)	9,380,971	5,551,918
31 - 60 days	2,838,132	2,591,366
61 - 90 days	2,714,406	1,998,957
91 - 120 days	3,494,119	2,014,625
120+ Days	150,048,734	121,862,970
	<b>168,476,361</b>	<b>134,019,835</b>
Less: Allowance for impairment	(160,897,963)	(128,641,532)
	<b>7,578,398</b>	<b>5,378,304</b>
<b>Total</b>		
Current (0 -30 days)	9,380,971	5,551,918
31 - 60 days	2,838,132	2,591,366
61 - 90 days	2,714,406	1,998,957
91 - 120 days	3,494,119	2,014,625
120+ Days	150,048,734	121,862,969
	<b>168,476,361</b>	<b>134,019,835</b>
Less: Allowance for impairment	(160,897,964)	(128,641,532)
	<b>7,578,397</b>	<b>5,378,303</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(128,641,532)	(105,371,972)
Contributions to allowance	(32,256,431)	(23,269,560)
	<b>(160,897,963)</b>	<b>(128,641,532)</b>
<b>Receivables from exchange transactions pledged as security</b>		
No Trade and other receivables from exchange transactions were pledged as security.		
<b>Credit quality of trade and other receivables from exchange</b>		
The credit quality of trade and other receivables from exchange transactions that are neither past due nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		
<b>Fair value of receivables from exchange transactions</b>		
Trade and other receivables from exchange	9,304,547	7,073,052

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>7. Receivables from non-exchange transactions</b>		
<b>Gross balances</b>		
Fines	6,337,188	6,052,088
Property rates	108,419,429	97,867,829
	<b>114,756,617</b>	<b>103,919,917</b>
<b>Less: Allowance for impairment</b>		
Fines	(6,003,430)	(5,718,330)
Property rates	(101,541,878)	(90,066,599)
	<b>(107,545,308)</b>	<b>(95,784,929)</b>
<b>Net balance</b>		
Fines	333,758	333,758
Property rates	6,877,551	7,801,230
	<b>7,211,309</b>	<b>8,134,988</b>
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Fines	333,757	333,757
Government grants and subsidies	-	-
Property rates	6,877,551	7,801,231
	<b>7,211,308</b>	<b>8,134,988</b>
<b>Total receivables from non-exchange transactions</b>	<b>7,211,309</b>	<b>8,134,988</b>
<b>Fines</b>		
Current (0 -30 days)	6,337,188	6,052,089
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	-	-
120+ Days	-	-
Impairment	(6,003,430)	(5,718,330)
	<b>333,758</b>	<b>333,758</b>
<b>Property rates</b>		
Current (0 -30 days)	7,545,506	4,842,140
31 - 60 days	1,643,363	1,721,903
61 - 90 days	1,503,508	1,661,014
91 - 120 days	1,431,973	1,513,532
120+ Days	96,295,079	88,129,240
Impairment	(101,541,878)	(90,066,599)
	<b>6,877,551</b>	<b>7,801,230</b>

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>7. Receivables from non-exchange transactions (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	7,545,506	4,842,140
31 - 60 days	1,643,363	1,721,903
61 - 90 days	1,503,508	1,661,014
91 - 120 days	1,431,973	1,513,532
120+ Days	96,295,079	88,129,240
	<b>108,419,429</b>	<b>97,867,828</b>
Less: Allowance for impairment	(101,541,878)	(90,066,599)
	<b>6,877,551</b>	<b>7,801,230</b>
<b>Total</b>		
Current (0 -30 days)	7,545,506	4,842,140
31 - 60 days	1,643,363	1,721,903
61 - 90 days	1,503,508	1,661,014
91 - 120 days	1,431,973	1,513,532
120+ Days	96,295,079	88,129,240
	<b>108,419,429</b>	<b>97,867,828</b>
Less: Allowance for impairment	(101,541,878)	(90,066,599)
	<b>6,877,551</b>	<b>7,801,230</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(90,066,599)	(85,110,691)
Contributions to allowance	(11,475,279)	(4,955,908)
	<b>(101,541,878)</b>	<b>(90,066,599)</b>

#### Receivables from non-exchange transactions pledged as security

No Trade and other receivables from non-exchange transactions were pledged as security.

#### Credit quality of trade and other receivables from non-exchange

The credit quality of trade and other receivables from non-exchange transactions that are neither past due nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

#### Fair value of receivables from non-exchange transactions

Trade and other receivables from non-exchange	7,211,308	8,134,988
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# Sunday's River Valley Local Municipality

(Demarcation code EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>8. Statutory receivables</b>		
The municipality had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:		
<b>Statutory receivables included in the Statement of Financial Position under VAT Payable</b>		
VAT (Payable)	1,445,722	(188,917)
	<b>1,445,722</b>	<b>(188,917)</b>
<b>Statutory receivables included in the Statement of Financial Position under Receivables from non-exchange transactions</b>		
Property rates	6,877,551	7,801,231
Fines	333,757	333,757
	<b>7,211,308</b>	<b>8,134,988</b>
<b>Reconciliation of provision for impairment for statutory receivables</b>		
<b>Provision for impairment included under VAT Receivable transactions:</b>		
VAT (Payable) / Receivable	-	-
	-	-
<b>Provision for impairment included under receivables from non-exchange transactions:</b>		
Property rates	(101,541,878)	(90,066,599)
Fines	(6,003,430)	(5,718,330)
	<b>(107,545,308)</b>	<b>(95,784,929)</b>

### Factors the entity considered in assessing statutory receivables impaired

A payment ratio analysis report was drawn in order to establish the payment percentage per type of debtor. This payment percentage was used to impair these statutory receivables.

### Statutory receivables general information

#### Transaction(s) arising from statute

Property rates related transactions arise in terms of the Municipal Property Rates Act, 6 of 2004, Municipal Finance Management Act, 56 of 2003, as well as the Property Rates Policy of the municipality approved by Council as part of the Budget Process.

Traffic fines arise from the National Road Traffic Act 93 of 1996, National Road Traffic Regulations 2000, National Land Transport Act 5 of 2009 and Criminal Procedure Act 51 of 1971. Prosecutor performs prosecutorial functions in terms of a general delegation awarded by the National Prosecuting Authority and is subject to the control of the Control Prosecutor at the Magistrate's Court.

Government grants related transactions arise in terms of the applicable annual Division of Revenue Act Bill as well as the relevant Provincial Gazette.

VAT transactions arise from the Value Added Tax Act 89 of 1991. VAT is an indirect tax on the consumption of goods and services in the economy. VAT is levied on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the Value Added Tax Act 89 of 1991.

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

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### 8. Statutory receivables (continued)

#### Determination of transaction amount

Property rates transaction amounts are determined in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003.

Traffic fines transaction amounts are determined in line with the Traffic Offence Code Book as approved by Senior Magistrate and implemented in the district.

Government grants related transaction amounts allocated to the municipality are stipulated in the applicable annual Division of Revenue Act as well as the relevant Provincial Gazette.

VAT transactions amounts are determined in line with the Value Added Tax Act 89 of 1991.

#### Interest or other charges levied/charged

Interest or other charges levied on Property rates balances are in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003. "Interest" means a charge levied, on all arrear accounts calculated at an interest rate which is one percent higher than the prime interest rate.

Traffic fines: Additional charges includes contempt of court fees/ warrant of arrest fee determined in terms of the Criminal Procedure Act.

Interest or other charges levied on Government grants, if applicable, is based on the average investment rate for the applicable year.

The rates and interest charges are determined by the Value Added Tax Act 89 of 1991.

#### Basis used to assess and test whether a statutory receivable is impaired

The basis used to assess Property Rates receivables is to look at the extent to which debtors on an individual basis defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend.

The basis used to assess Traffic fine receivables is to look at the extent to which debtors per group of fines (Municipal fines, Provincial fines) defaulted on payments already due and an assessment of their ability to make payments based on their historical trend.

Each individual Grant is assessed for collectability in line with the legislative prescripts or contract arrangements that relates to the specific grant.

No impairment on VAT Payable balance expected to be fully recoverable.

#### Discount rate applied to the estimated future cash flows

The discount rate applied for all types of Statutory receivables mentioned above is based on the average rate of investments. This rate is seen as risk free as the amount to be paid in interest and capital amount is guaranteed by the Investment institution.

# Sunday's River Valley Local Municipality

(Registration number EC106)  
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## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 9. Heritage assets

	2024		2023			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Collections of rare books, manuscripts and records	70,975	-	70,975	70,975	-	70,975
Historical buildings	251,508	-	251,508	251,508	-	251,508
<b>Total</b>	<b>322,483</b>	<b>-</b>	<b>322,483</b>	<b>322,483</b>	<b>-</b>	<b>322,483</b>

#### Reconciliation of heritage assets 2024

	Opening balance	Total
Collections of rare books, manuscripts and records	70,975	70,975
Historical buildings	251,508	251,508
<b>Total</b>	<b>322,483</b>	<b>322,483</b>

#### Reconciliation of heritage assets 2023

	Opening balance	Total
Collections of rare books, manuscripts and records	70,975	70,975
Historical buildings	251,508	251,508
<b>Total</b>	<b>322,483</b>	<b>322,483</b>

#### Pledged as security

Heritage assets has not been pledged as security.

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

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### 10. Investment property

	2024	2023
Investment property	40,204,539	39,989,565
<b>Total</b>	<b>40,204,539</b>	<b>39,989,565</b>

### Reconciliation of investment property - 2024

Investment property	Opening balance	Fair value adjustments	Total
	39,989,565	214,974	40,204,539
	<b>39,989,565</b>	<b>214,974</b>	<b>40,204,539</b>

### Reconciliation of investment property - 2023

Investment property	Opening balance	Fair value adjustments	Total
	39,233,561	756,004	39,989,565
	<b>39,233,561</b>	<b>756,004</b>	<b>39,989,565</b>

### Pledged as security

No investment properties has been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

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### 10. Investment property (continued)

#### Details of valuation

The effective date of the revaluations was 30 June 2023. Revaluations were performed by WRCON (Pty) Ltd. Mr PH Venter was the valuer at WRCON (Pty) Ltd to perform the valuations. Mr Venter is a registered Professional Associated Valuer with the SA Council for Valuers Profession, registration number 7428, a member of the SA Institute of Valuers and has the appropriate experience in performing valuation of investment properties.

The valuation for the land portion was based on adapted comparable sales and for the improvements there-on on replacement costs.

These assumptions are based on current market conditions.

#### Legal ownership

iGrap 18.16 The right to direct access to land, and to restrict or deny the access of others to land iGrap 18.20 In assessing whether the rights that have been granted to an entity in a binding arrangement result in control of the land, it is important to distinguish between substantive rights and protective rights. Only substantive rights are considered in assessing whether an entity controls land.

iGrap 18.18 Legal ownership refers to the owner being the registered title deed holder of the land. Legal ownership also arises where the land is transferred from the legal owner to another entity or party, through legislation or similar means. For example, when a change in ownership is recorded by way of an endorsement on the existing title deed, rather than a formal transfer or change in ownership reflected on the title deed. References to legal owner or legal ownership in this Interpretation include both situations.

iGrap 18.19 In the absence of an entity demonstrating that it has granted the right to direct access to and restrict or deny access of others to the land to another entity, the legal owner controls the land as it retains the right to direct access to land, and to restrict or deny the access of others to land. The legal owner is thus able to demonstrate both criteria in paragraph.

iGrap 18.21 Substantive rights grant the entity the ability to make decisions about, and benefit from, certain rights and assets, such as how to use the land to provide services, and when to dispose of the land, to whom and at what price. For the right to be substantive, the holder of the right must have the present ability to exercise that right.

The accounting for land is based on the rights that an entity is presently able to exercise in terms of its ownership of the land or other rights granted in terms of a binding arrangement.

#### Derecognise

The invasion of land may be an illegal act. Although the illegal occupants may have certain rights, these rights do not supersede or eliminate the entity's currently exercisable rights in terms of its legal ownership of the land. Land ownership means that the entity has substantive rights to direct or restrict access to the economic benefits or service associated with the land. The fact that the entity may not execute these rights because of political, socio-economic or other factors, is irrelevant in establishing whether control exists for accounting purposes. An entity would need to assess if its ownership rights are subsequently changed through another legal action, such as the outcome of a court process such as the outcome of court case, court order, etc. The illegal occupation of land may indicate that an impairment loss should be recognised. An entity should apply the principles in either GRAP 21 or GRAP 26 when these occupations occur (and throughout their duration).

# Sunday's River Valley Local Municipality

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 Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 11. Property, plant and equipment

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
<b>Immovable assets</b>				
Landfill Site Asset	33 710 249	(11 422 986)	22 287 263	32 394 379
Buildings	83 431 571	(45 025 820)	38 405 751	80 429 438
Community	85 592 184	(39 805 771)	45 786 413	64 589 135
Infrastructure - Electricity network	132 543 280	(35 413 725)	97 129 555	115 451 147
Infrastructure - Road network	334 490 354	(118 770 428)	215 727 926	333 996 902
Water network	250 124 082	(87 139 880)	162 984 202	244 425 479
Land	28 348 993	-	28 348 993	28 647 722
Work-in-Progress	54 820 882	(902 501)	53 918 381	87 683 649
<b>Movable assets</b>				
Computer equipment	7 547 981	(6 092 419)	1 455 562	6 887 074
Furniture and fixtures	5 216 015	(4 040 341)	1 175 674	4 528 399
Motor vehicles	20 654 829	(11 325 286)	9 329 543	20 855 780
Plant and machinery	2 931 267	(2 108 858)	822 409	2 266 529
Solid Waste Disposal	23 794	(22 572)	1 222	23 794
Wastewater network	385 662 521	(120 609 868)	265 052 653	362 167 716
<b>Total</b>	<b>1,425,106,002</b>	<b>(482,680,455)</b>	<b>942,425,547</b>	<b>1,384,347,143</b>
			<b>(442,309,982)</b>	<b>942,037,161</b>

# Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	WIP additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
<b>Immovable assets</b>										
Landfill Site Asset	22,147,997	-	-	-	-	1,315,870	(1,176,604)	-	-	22,287,263
Buildings	37,603,861	444,181	-	2,557,952	-	-	(2,318,684)	(18,344)	136,785	38,405,751
Community	26,800,739	-	-	21,003,049	-	-	(2,308,270)	-	290,895	45,786,413
Other property, plant and equipment	85,702,230	533,980	-	16,558,153	-	-	(3,658,403)	(2,373,706)	367,301	97,129,555
Infrastructure - Road network	228,068,126	356,338	-	145,114	-	-	(16,188,463)	(1,566,372)	4,913,183	215,727,926
Water network	164,788,707	1,702,379	-	3,996,224	-	-	(5,935,893)	(1,664,419)	97,204	162,984,202
Land	28,647,722	-	(298,729)	-	-	-	-	-	-	28,348,993
Work-in-Progress	86,781,148	48,453,669	(12,838,757)	-	(68,477,679)	-	-	-	-	53,918,381
<b>Moveable assets</b>										
IT equipment	1,681,229	747,122	(49,025)	-	-	-	(632,528)	(361,414)	70,178	1,455,562
Furniture and fixtures	713,264	280,755	-	406,862	-	-	(157,930)	(89,071)	21,794	1,175,674
Motor vehicles	9,012,830	30,739	(8,158)	-	-	-	(2,163,933)	(42,872)	2,500,937	9,329,543
Plant and machinery	370,171	376,835	(8,449)	315,519	-	-	(128,831)	(108,946)	6,110	822,409
Solid Waste Disposal	1,713	-	-	-	-	-	(491)	-	-	1,222
Wastewater network	249,717,424	-	-	23,494,806	-	-	(8,219,958)	(417,981)	478,362	265,052,653
	<b>942,037,161</b>	<b>52,925,998</b>	<b>(13,203,118)</b>	<b>68,477,679</b>	<b>(68,477,679)</b>	<b>1,315,870</b>	<b>(42,889,988)</b>	<b>(6,643,125)</b>	<b>8,882,749</b>	<b>942,425,547</b>

# Sunday's River Valley Local Municipality

(Registration number EC106)  
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## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	WIP additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
<b>Immovable assets</b>										
Landfill Site Asset	21,741,433	-	-	-	-	1,516,788	(1,110,224)	-	-	22,147,997
Buildings	38,892,804	217,802	-	-	-	-	(2,232,810)	(9,110)	735,175	37,603,861
Community	28,121,767	27,345	-	-	-	-	(1,836,763)	(8,539)	496,929	26,800,739
Infrastructure - Electricity network	88,686,973	-	-	-	-	-	(3,420,756)	-	436,013	85,702,230
Infrastructure - Road network	193,589,267	-	-	40,847,448	-	-	(12,096,608)	(3,153,739)	8,881,758	228,068,126
Water network	169,791,497	108,906	-	-	-	-	(5,793,935)	-	682,239	164,788,707
Land	28,650,159	-	(2,437)	-	-	-	-	-	-	28,647,722
Work-in-Progress	69,904,240	71,070,557	-	-	(54,193,649)	-	-	-	-	86,781,148
<b>Movable assets</b>										
IT equipment	1,075,167	1,238,428	(1,202)	-	-	-	(625,847)	(110,475)	105,158	1,681,229
Furniture and fixtures	767,661	138,816	(6,866)	-	-	-	(191,286)	(29,164)	34,103	713,264
Motor vehicles	5,871,442	5,940,623	(29,460)	-	-	-	(2,012,518)	(1,473,397)	716,140	9,012,830
Plant and machinery	314,561	187,457	-	-	-	-	(127,879)	(13,745)	9,777	370,171
Solid Waste Disposal	2,755	-	-	-	-	-	(1,042)	-	-	1,713
Wastewater network	243,065,205	16,884	-	13,346,202	-	-	(7,348,185)	-	637,318	249,717,424
	<b>890,474,931</b>	<b>78,946,818</b>	<b>(39,965)</b>	<b>54,193,650</b>	<b>(54,193,649)</b>	<b>1,516,788</b>	<b>(36,797,853)</b>	<b>(4,798,169)</b>	<b>12,734,610</b>	<b>942,037,161</b>

#### Pledged as security

State objective and purpose

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

**Figures in Rand** **2024** **2023**

### 11. Property, plant and equipment (continued)

#### Property, plant and equipment in the process of being constructed or developed

##### Cumulative expenditure recognised in the carrying value of property, plant and equipment

Infrastructure - Road network	8,562,102	6,221,075
Community	22,041,677	32,830,995
Infrastructure - Electricity network	751,408	13,298,365
Infrastructure - Wastewater network	8,293,913	19,247,011
Infrastructure - Water network	14,269,282	15,183,701
	<b>53,918,381</b>	<b>86,781,147</b>

##### Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Upgrading of telemetry in Addo and surrounding area	751,408	751,408
Project on hold due to non-payment of work performed.		
	<b>751,408</b>	<b>751,408</b>

#### Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	53,950,152	32,830,995	86,781,147
Additions/capital expenditure	36,810,496	11,643,173	48,453,669
Transferred to completed items	(58,883,944)	(22,432,492)	(81,316,436)
	<b>31,876,704</b>	<b>22,041,677</b>	<b>53,918,380</b>

#### Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	63,361,680	6,542,559	69,904,240
Additions/capital expenditure	44,782,121	26,288,436	71,070,557
Transferred to completed items	(54,193,649)	-	(54,193,649)
	<b>53,950,152</b>	<b>32,830,995</b>	<b>86,781,147</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

##### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	19,179,926	3,556,409
	<b>19,179,926</b>	<b>3,556,409</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>12. Consumer deposits</b>		
Hall deposits	83,988	80,237
	<b>83,988</b>	<b>80,237</b>
<b>13. Employee benefit obligations</b>		
The amounts recognised in the statement of financial position are as follows:		
<b>Non-current employee benefits</b>		
Post-Retirement Medical Aid benefits	(2,650,000)	(2,434,000)
Long-service awards benefits	(4,061,000)	(3,424,291)
	<b>(6,711,000)</b>	<b>(5,858,291)</b>
<b>Current employee benefits</b>		
Post-Retirement Medical Aid benefits	(611,250)	(216,000)
Long-service awards benefits	(290,397)	(636,709)
	<b>(901,647)</b>	<b>(852,709)</b>
<b>Total employee benefits</b>		
Post-Retirement Medical Aid benefits	(3,261,250)	(2,650,000)
Long-service awards benefits	(4,351,397)	(4,061,000)
	<b>(7,612,647)</b>	<b>(6,711,000)</b>
Non-current liabilities	(6,711,000)	(5,858,291)
Current liabilities	(901,647)	(852,709)
	<b>(7,612,647)</b>	<b>(6,711,000)</b>

# Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
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### 13. Employee benefit obligations (continued)

#### Post employment health care benefits

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. The plan is treated as a defined benefit plan under GRAP 25. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by D T Mureriwa 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 number of members of the Post-employment Health Care Benefit Plan are made up as follows:

Continuation members (Retirees)	8	6
<b>Total members</b>	<b>8</b>	<b>6</b>

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

LA Health

Samwumed

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

In-service members (Employees)	-	-
<b>Total liability</b>	<b>3,261,250</b>	<b>2,650,000</b>
Non-current	6,711,000	5,858,291
Current	901,647	852,709
	<b>7,612,647</b>	<b>6,711,000</b>

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

<b>Rates of interest</b>		
Discount rate	11.63 %	11.75 %
Health care cost inflation rate	7.21 %	7.54 %
Net effective discount rate	4.13 %	3.91 %

#### Normal retirement age

The average retirement age for all active employees was assumed to be 62 years.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
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### 13. Employee benefit obligations (continued)

Amounts recognised in the statement of financial position

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

<b>Present value of unfunded obligations</b>	<b>7,612,647</b>	<b>6,711,000</b>
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Net expense recognised in the statement of financial performance

The amounts recognised in the statement of financial performance is as follows:

Current service cost	299,000	190,000
Interest cost	615,500	992,560
Actuarial (gain) recognised in the year		
	<b>914,500</b>	<b>1,182,560</b>

### Movements in the present value of the defined benefit obligation

Opening balance	2,650,000	1,718,000
Current service cost		
Interest cost	299,000	190,000
Actual employer benefit payments	(303,250)	(250,560)
Actuarial (gain) recognised in the year	615,500	992,560
<b>Present value of fund obligation at the end of the year</b>	<b>3,261,250</b>	<b>2,650,000</b>

Amounts for the current and previous four periods are as follows:

<b>Present value of unfunded defined benefit</b>	
2024	3,261,250
2023	2,650,000
2022	1,718,000
2021	16,774,124
2020	16,869,000

### Sensitivity analysis on the Accrued Liability (R Millions)

Assumption	Change	Total
Health care inflation	1	208,000
Health care inflation	(1)	173,000
Discount rate	1	189,000
Discount rate	(1)	189,000

### Sensitivity analysis on Current-service and Interest Costs

Assumption	Change	Total	% change
Health care inflation	1	330,000	- %
Health care inflation	(1)	272,000	- %
Discount rate	1	297,000	- %
Discount rate	(1)	299,000	- %
Post retirement mortality	1	290,000	- %
Post retirement mortality	(1)	308,000	- %

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

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2023

### 13. Employee benefit obligations (continued)

Discount rate: GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation. The methodology of setting the financial assumptions has been updated to be more duration-specific. At the previous valuation report, 30 June 2023 the duration of liabilities was 8.53 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2023 is 11.63% per annum, and the yield on inflation-linked bonds of a similar term was about 5.13% per annum. This implies an underlying expectation of inflation of 5.71% per annum  $([1 + 11.63\% - 0.5\%] / [1 + 5.13\%] - 1)$ . The 0.5% deduction has been added as a risk premium to reflect the uncertainty inherent in the projection. We have assumed that healthcare cost inflation would exceed general inflation by 1.50% per annum, i.e. 7.21% per annum. However, it is the relative levels of the discount rate and healthcare cost inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.13% per annum  $([1 + 11.63\%] / [1 + 7.21\%] - 1)$ .

#### Mortality Rates

PA (90) - 1 with a 1% mortality improvement per annum from the year 2010.

Continuation of Membership

With the appointment of 1 Pangaea Expertise and Solutions Pty (Ltd) for the year ending 30 June 2024.

The table below summarises the accrued liabilities and the plan assets for the current period and the previous four periods:

Liability History	2024/06/30	2023/06/30	2022/06/30	2021/06/30	2020/06/30
Accrued Liability	(3,261,250)	2,650,000	(1,718,000)	(16,774,124)	(16,869,000)
Surplus / (Deficit)	3,261,250	(2,650,000)	1,718,000	16,774,124	16,869,000

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred:

Experience adjustment	2024/06/30	2023/06/30	2022/06/30	2021/06/30	2020/06/30
Liabilities: (Gain) / Loss	615,500	992,560	(2,132,438)	(1,852,431)	(2,476,875)
	615,500	992,560	(2,132,438)	(1,852,431)	(2,476,875)

#### Long-service awards benefits

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by 1 Pangaea Expertise and Solutions Pty (Ltd). 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 213 (2023: 242) employees were eligible for Long Services Awards.

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

Discount rate	10.15 %	10.60 %
General Salary inflation	5.68 %	6.32 %
Net effective discount rate	4.23 %	4.03 %

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>13. Employee benefit obligations (continued)</b>		
The amounts recognised in the statement of financial position are as follow:		
Present value of unfunded obligations	4,351,397	4,061,000
Amounts recognised in the statement of financial performance		
The amounts recognised in the statement of financial performance are as follow:		
Current service cost	537,951	569,072
Interest cost	460,695	448,591
Actuarial losses / (gains) recognised	(409,189)	(683,791)
<b>Total expense included in employee related costs</b>	<b>589,457</b>	<b>333,872</b>
Opening balance	4,061,000	4,148,000
Current service cost	537,951	569,072
Interest cost	460,695	448,591
Actual employer benefit payments	(299,060)	(420,872)
Actuarial loss/ (gain) recognised in the year	(409,189)	(683,791)
	<b>4,351,397</b>	<b>4,061,000</b>

Liability History	2024/06/30	2023/06/30	2022/06/30	2021/06/30	2020/06/30
Accrued Liability	(4,351,397)	(4,061,000)	(4,148,000)	(3,998,000)	(3,395,000)
Surplus / (Deficit)	4,351,397	4,061,000	4,148,000	3,998,000	3,395,000

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred:

Experience adjustment	2024/06/30	2023/06/30	2022/06/30	2021/06/30	2020/06/30
Liabilities: (Gain) / Loss	(409,189)	(683,791)	329,000	(295,000)	(40,928)
	409,189	683,791	(329,000)	295,000	40,928

#### 14. Payables from exchange transactions

Accrued bonus	2,640,010	2,351,913
Accrued leave pay	4,555,888	5,193,325
Workmens Compensation Fund Levy	3,155,892	2,651,138
Accrued salary expense	4,289,847	1,149,568
Retention	10,164,201	8,073,908
Unknown deposits	276,236	668,845
Payments received in advanced - contract in process	10,706,808	8,918,953
Motor Registration	391,793	303,876
Prepaid received in advance	1,772,037	1,753,732
Other payables	25,675	11,115
Trade payables	92,459,251	56,573,474
	<b>130,437,638</b>	<b>87,715,847</b>

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>14. Payables from exchange transactions (continued)</b>		
<b>Fair value of trade and other payables</b>		
Trade payables	130,437,638	87,715,847
	<b>130,437,638</b>	<b>87,715,847</b>

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30-day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice / statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

Refer to note 44 for prior period corrections made to Payables from exchange transactions.

# Sunday's River Valley Local Municipality

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 Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 15. Provisions

#### Reconciliation of provisions - 2024

	Opening Balance	Change in provision	Finance cost	Total
Rehabilitation of landfill site	49,531,414	1,315,870	3,797,836	54,645,120

#### Reconciliation of provisions - 2023

	Opening Balance	Change in provision	Finance cost	Total
Rehabilitation of landfill site	44,765,365	1,516,788	3,249,261	49,531,414

Non-current liabilities  
 Current liabilities

50,847,284	46,282,153
3,797,836	3,249,261
<b>54,645,120</b>	<b>49,531,414</b>

#### Environmental rehabilitation provision

The provision is made in terms of the municipality's licensing stipulations on the landfill waste sites.

Sunday's River Valley Local Municipality consists of three (3) towns (Kirkwood, Paterson and Sunland). Kirkwood, Paterson and Sunland are located in an area of agricultural significance and Kirkwood is the central business district of Sunday's River Valley Local Municipality. Landfill operations continue until all the available permitted airspace has been filled. Once this happens, the site close and capped with a layer of impermeable clay and a layer of the top soil. Grass and other suitable vegetation types are planted to stabilize the soil and improve the appearance. Environmental monitoring continues for a period of up to 30 years after the closure of the site. No appointment for the closure of the sites has been made, and therefore only rough estimates have been compiled without site visits with no detailed inspections or investigations. Basic information on the size and classification of each site was supplied.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand 2024 2023

### 15. Provisions (continued)

#### Key cost parameters:

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire durations applicable in the future. The annualised long term discount rate at 30 June 2024 was 12.40% p.a. The consumer price inflation of 5.10% p.a. was obtained from the differential between the averages of the Nominal Bond Yield Curve and the Real Bond Yield Curve (Zero Yield Curves).

Consumer price inflation (C) 5.10% (2023: 5.40%)

Discount rate (D) 12.40% (2023: 12.31%)

Net discount rate 6.95% (2023: 6.56%)

The movement on each of the landfill site's provisions is:

	Opening balance	Change in provision	Finance cost	Total
Kirkwood	20,880,227	934,325	1,629,351	23,443,903
Paterson	12,663,434	(78,714)	939,966	13,524,686
Sunland	15,987,753	460,259	1,228,519	17,676,532
	<u>49,531,414</u>	<u>1,315,870</u>	<u>3,797,836</u>	<u>54,645,120</u>

### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Water Services Infrastructure Grant	-	1,391,964
Integrated National Electrification Programme	-	3,242,212
	<u>-</u>	<u>4,634,176</u>

#### Movement during the year

Balance at the beginning of the year	4,634,176	6,603,817
Additions during the year	165,570,199	85,539,000
Income recognition during the year	(170,204,375)	(87,508,640)
	<u>-</u>	<u>4,634,177</u>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See reconciliation of grants from National/Provincial Government note 26

These amounts are invested in a ring-fenced investment until utilised.

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>17. Agency services</b>		
Vehicle Registration	2,954,906	1,929,010
	<u>2,954,906</u>	<u>1,929,010</u>
<p>The municipality collects licence fees on behalf of the Department of Transport and receives a 19% agency fee. The amount received as commission was R 2 954 906 (2024) and R 1 929 888 (2023). Own revenue is also collected by the traffic office and disclosed under note 20 Licences and permits.</p>		
<b>18. Interest income (Exchange transactions)</b>		
<b>Interest income</b>		
Bank accounts	1,654,727	1,482,708
Receivables from exchange transactions	13,334,540	9,735,980
	<u>14,989,267</u>	<u>11,218,688</u>
<p>Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 14 989 267 (2023: R 11 218 688).</p>		
<b>19. Interest income (Non-exchange transactions)</b>		
Receivables from non-exchange transactions	7,238,235	8,931,372
	<u>7,238,235</u>	<u>8,931,372</u>
<b>20. Licences and permits</b>		
Licences and permits	988,845	1,167,276
	<u>988,845</u>	<u>1,167,276</u>
<b>21. Rental of facilities and equipment</b>		
<b>Facilities and equipment</b>		
Rental of facilities	146,875	65,769
	<u>146,875</u>	<u>65,769</u>
<b>22. Service charges</b>		
Sale of electricity	32,007,101	25,253,991
Sale of water	14,253,481	13,128,792
Sewerage and sanitation charges	3,271,985	3,174,178
Refuse removal	6,195,660	6,121,039
	<u>55,728,227</u>	<u>47,678,000</u>

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 the approved tariffs.

## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>23. Operational revenue</b>		
Awards	728,261	-
Bad Debts Recovered	731	752
Building Plans	166,027	99,424
Cemetery and Burial	97,793	112,633
Clearance Certificates	17,002	16,773
Entrance fees	360	-
Hawker certificates	13,393	12,177
Insurance refunds	279,605	401,068
Penalties and interest	-	15,917
Photocopies and Faxes	15,757	7,591
Prepaid meter sales	53,579	39,947
Refunds	8,672	-
Tender documentation	1,304	14,348
	<b>1,382,484</b>	<b>720,630</b>

The amounts disclosed above for Operational income are in respect of services rendered, other than described in notes 20, 21 and 22 which are billed to or paid for by the users of the services as required according to approved tariffs.

## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>24. Property rates</b>		
<b>Rates received</b>		
Property rates	10,018,088	5,358,553
Commercial	386,404	413,153
State	7,642,463	7,732,966
Municipal	7,736,010	7,052,852
Small holdings and farms	18,541,620	28,498,324
Public Service Infrastructure Properties	144,287	98,171
Vacant Land	48,241	66,004
	<b>44,517,113</b>	<b>49,220,023</b>
<b>Valuations</b>		
Residential	728,463,000	668,850,000
Commercial	509,995,000	413,926,000
State owned	-	672,286,000
Municipal	372,333,000	399,131,000
Small holdings and farms	7,310,366,777	6,378,935,000
Public benefit organisations	138,344,000	25,449,000
Public service infrastructure	30,124,000	24,125,000
Industrial	148,157,000	157,126,000
	<b>9,237,782,777</b>	<b>8,739,828,000</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to consider any changes in individual property values, due to amendments. The last general valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

#### Municipal valuation threshold value

On qualifying residential properties, property owners will receive a rebate up to a maximum value of R200 000, which amount includes a value of R15 000 as per Section 17(1)(h) of the Local Government: All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The maximum amount is determined as R75 000. The impermissible rates of R15 000 contemplated in terms of Section 17(1)(h) of the Act and the R60 000 is a council reduction. The remaining R125 000 is aimed primarily at alleviating poverty and forms an important part of the Municipality's Indigent Policy.

#### Other rebates

Taking into account the effects of rates on PBO's performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No. 58 of 1962) for tax reduction because of those activities, Public Benefit Organisations may apply for the exemption of property rates. Any other exclusions or exemptions have been granted in accordance with the Local Government: Municipal Property Rates Act, No. 6, 2004.

#### 25. Fines

Illegal Connections Fines	30,961	50,050
Law Enforcement Fines	336,800	58,840
	<b>367,761</b>	<b>108,890</b>

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>26. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	110,450,964	101,270,000
LGSETA Grant	147,789	138,264
Local Government Financial Management Grant	3,100,000	3,000,000
Expanded Public Works Programme Integrated Grant	646,939	1,151,921
Library Subsidy	1,200,000	1,200,000
	<b>115,545,692</b>	<b>106,760,185</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	27,920,000	38,785,000
Water Services Infrastructure Grant	24,538,000	3,260,870
Integrated National Electrification Programme	3,242,212	14,305,788
Roads Infrastructure Grant	-	21,739,130
Provincial Grant	350,435	286,870
	<b>56,050,647</b>	<b>78,377,658</b>
	<b>171,596,339</b>	<b>185,137,843</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received		
Conditional grants received	61,145,374	83,867,843
Unconditional grants received	110,450,964	101,270,000
	<b>171,596,338</b>	<b>185,137,843</b>

### Equitable Share

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

### Municipal Infrastructure Grant

Balance unspent at beginning of year	-	1,656,832
Current-year receipts	27,920,000	38,785,000
Conditions met - transferred to revenue	(27,920,000)	(38,785,000)
Municipal Infrastructure Grant Rollover of 2021/22 denied withheld from Equitable share in 2022/23	-	(1,656,832)
	<b>-</b>	<b>-</b>

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

The reason for the non approval of the rollover of grants was the late submission of the 2022/23 annual financial statements.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>26. Government grants and subsidies (continued)</b>		
<b>Water Services Infrastructure Grant</b>		
Balance unspent at beginning of year	1,391,964	2,238,147
Current-year receipts	24,538,000	25,000,000
Conditions met - transferred to revenue	(24,538,000)	(25,000,000)
Water Services Infrastructure Grant Rollover of 2021/22 denied withheld from Equitable share in 2022/23(2023:846 183) and 2023/24(2024: 1 391 964)	(1,391,964)	(846,183)
	-	1,391,964
Conditions still to be met - remain liabilities see note 16		
<b>Integrated National Electrification Programme</b>		
Balance unspent at beginning of year	3,242,212	-
Current-year receipts	-	17,548,000
Conditions met - transferred to revenue	(3,242,212)	(14,305,788)
	-	3,242,212
Conditions still to be met - remain liabilities see note 16		
<b>Local Government Financial Management Grant</b>		
Balance unspent at beginning of year	-	2,672
Current-year receipts	3,100,000	3,000,000
Conditions met - transferred to revenue	(3,100,000)	(3,000,000)
Local Government Financial Management Grant Rollover of 2021/22 denied withheld from Equitable share in 2022/23	-	(2,672)
	-	-
<b>Expanded Public Works Programme Integrated Grant</b>		
Balance unspent at beginning of year	-	5,308
Current-year receipts	686,000	1,206,000
Conditions met - transferred to revenue	(686,000)	(1,206,000)
Expanded Public Works Programme Integrated Grant Rollover of 2021/22 denied withheld from Equitable share in 2022/23	-	(5,308)
	-	-
<b>Library Subsidy</b>		
Current-year receipts	1,200,000	1,200,000
Conditions met - transferred to revenue	(1,200,000)	(1,200,000)
	-	-

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>26. Government grants and subsidies (continued)</b>		
<b>Roads Infrastructure Grant</b>		
Balance unspent at beginning of year	-	176,291
Roads Infrastructure Grant Rollover of 2021/22 denied withheld from Equitable share in 2022/23	-	(176,291)
	-	-
<b>Small Town Revitalisation Grant</b>		
Balance unspent at beginning of year	-	1,651,357
Small Town Revitalisation Grant Rollover of 2021/22 denied withheld from Equitable share in 2022/23	-	(1,651,357)
	-	-
<b>Enviromental District Grant</b>		
Balance unspent at beginning of year	-	873,208
Enviromental District Grant Rollover of 2021/22 denied withheld from Equitable share in 2022/23	-	(873,208)
	-	-
<b>27. Bulk purchases</b>		
Electricity	28,362,540	22,453,722
	<b>28,362,540</b>	<b>22,453,722</b>

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>28. Contracted services</b>		
<b>Outsourced Services</b>		
Business and Advisory	18,553,561	11,762,737
Clearing and Grass Cutting Services	144,470	104,528
Burial Services	103,595	8,991
Illegal Dumping	97,900	392,310
Meter Management	67,654	14,923
Personnel and Labour	31,613	955,910
Professional Staff	5,000	25,000
Researcher	564,290	566,539
Swimming Supervision	115,772	-
Traffic Fines Management	-	63,200
Transport Services	30,164	-
Drivers Licence Cards	219,304	251,457
Water Takers	964,600	714,300
<b>Consultants and Professional Services</b>		
Business and Advisory	992,487	1,498,655
Infrastructure and Planning	1,567	-
Laboratory Services	328,166	-
Legal Cost	1,761,648	2,900,804
<b>Contractors</b>		
Catering Services	817,307	841,004
Electrical	248,269	251,434
Employee Wellness	29,750	-
Gardening Services	-	1,257
Maintenance of Buildings and Facilities	547,790	589,042
Maintenance of Equipment	68,559	60,569
Maintenance of Unspecified Assets	18,563,577	2,906,798
Medical Services	-	539
Mint of Decorations	-	290,814
Pest Control and Fumigation	2,850	-
Transportation	515,464	272,715
Safeguard and Security	16,853,902	10,343,330
	<b>61,629,259</b>	<b>34,816,856</b>
<b>29. Debt impairment</b>		
Consumer debtors - Debt impairment	39,747,616	26,289,911
	<b>39,747,616</b>	<b>26,289,911</b>
<b>30. Bad debts written off</b>		
Bad debts written off	5,062,733	14,356,240
	<b>5,062,733</b>	<b>14,356,240</b>
<b>31. Depreciation</b>		
Property, plant and equipment	42,889,988	36,797,853
	<b>42,889,988</b>	<b>36,797,853</b>

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>32. Employee related cost</b>		
<b>Senior Management Costs</b>		
Annual Remuneration	4,738,857	4,341,362
Car Allowance	864,926	891,048
Contributions to UIF, Medical and Pension Funds	11,300	66,719
Housing Allowance	192,000	252,000
Non-pensionable allowance	223,182	177,218
Phone allowance	120,000	108,100
	<b>6,150,265</b>	<b>5,836,447</b>
<b>Municipal staff costs</b>		
Acting allowances	398,449	556,538
Bargaining council contributions	38,435	35,402
Basic salaries and wages	61,497,795	55,492,995
Bonus	4,625,165	4,323,866
Car allowance	5,936,505	4,869,061
Housing allowances	547,090	488,404
Leave pay-outs	(637,437)	(1,321,177)
Long-service awards	287,598	420,872
Medical aid	4,543,120	4,096,596
Nightshift allowance	80,549	75,830
Non-pensionable allowances	30,083	31,043
Overtime payments	4,386,316	3,516,358
Pension fund contributions	10,254,695	9,638,724
Standby allowance	1,114,969	747,385
Telephone allowance	768,404	650,745
UIF contributions	543,358	507,942
	<b>94,415,094</b>	<b>84,130,584</b>
<b>Total Employee related cost</b>	<b>100,565,356</b>	<b>89,967,032</b>
<b>Remuneration of Municipal Managers for the period</b>		
<b>Remuneration of Municipal Managers for the period</b>		
Annual Remuneration	-	348,465
Contributions to UIF, Medical and Pension Funds	-	16,892
Housing allowance	-	54,000
Phone allowance	-	6,000
Car allowance	-	45,000
	<b>-</b>	<b>470,357</b>

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>32. Employee related cost (continued)</b>		
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	1,276,748	532,741
Contributions to UIF, Medical and Pension Funds	2,260	9,927
Rural allowance	52,729	-
Phone allowance	24,000	-
Car allowance	126,926	-
	<b>1,482,662</b>	<b>542,668</b>
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration	958,712	851,761
Contributions to UIF, Medical and Pension Funds	2,260	55,303
Rural allowance	41,896	-
Phone allowance	24,000	26,000
Car allowance	180,000	195,000
	<b>1,140,972</b>	<b>1,065,391</b>
<b>Remuneration of Director Community Services</b>		
Annual Remuneration	749,712	676,629
Contributions to UIF, Medical and Pension Funds	2,260	13,146
Rural allowance	42,593	38,036
Housing allowance	120,000	120,000
Phone allowance	24,000	24,000
Car allowance	288,000	288,000
	<b>937,972</b>	<b>977,775</b>
<b>Remuneration of Director Corporate Services</b>		
Annual Remuneration	901,973	976,319
Contributions to UIF, Medical and Pension Funds	2,260	14,858
Rural allowance	43,188	45,071
Housing allowance	72,000	78,000
Phone allowance	24,000	26,000
Car allowance	150,000	162,500
	<b>1,054,233</b>	<b>1,153,578</b>
<b>Remuneration of the Director Technical and engineering services</b>		
Annual Remuneration	1,013,712	1,020,611
Contributions to UIF, Medical and Pension Funds	2,260	13,788
Rural allowance	42,777	42,399
Phone allowance	24,000	26,000
Car allowance	120,000	130,000
	<b>1,105,972</b>	<b>1,164,399</b>

**Sunday's River Valley Local Municipality**  
(Demarcation code: EC106)  
Unaudited Annual Financial Statements for the year ended 30 June 2024

**Notes to the Unaudited Annual Financial Statements**

Figures in Rand	2024	2023
<b>33. Finance costs</b>		
Interest on overdue accounts	6 691 255	2 790 720
Landfill site rehabilitation	4 493 172	3 887 852
	<b>11 184 427</b>	<b>6 678 572</b>
<b>34. General expenses</b>		
Advertising	587 180	1 492 055
Assets expensed	119 501	16 064
Auditors remuneration	5 841 076	7 749 809
Bank charges	198 502	230 273
Commission paid	607 478	571 124
Conferences and seminars	5 000	15 417
Consumables	3 793 742	3 942 500
Donations	180 242	216 625
Workmen's Compensation Fund	504 754	444 278
Fleet	128 888	301 715
Fuel and oil	2 976 490	2 020 185
Hire	1 193 126	893 293
IT expenses	1 607 062	3 149 679
Insurance	1 087 486	902 291
Municipal Services - Electricity & Water	9 945 449	7 541 704
Parking Fees	913	-
Postage and courier	6 282	86 301
Printing and stationery	195	31 330
Promotions	10 028	1 357
Protective clothing	1 083 267	7 337
Servitudes and Land Surveys	-	26 250
Staff welfare	1 127 611	887 125
Subscriptions and membership fees	1 152 800	1 040 836
Telephone and fax	782 949	1 380 705
Training	51 810	-
Transport and freight	65 700	96 463
Travel and Subsistence	2 780 178	2 848 350
Ward Councillors	878 700	905 980
	<b>36 716 409</b>	<b>36 799 046</b>
<b>35. Inventory consumed</b>		
Water	7 660 127	8 557 133
	<b>7 660 127</b>	<b>8 557 133</b>
<b>36. Remuneration of councillors</b>		
Mayor	928 350	927 211
Executive committee	1 791 929	1 412 969
Speaker	777 463	750 489
Councillors	3 421 403	3 547 816
Ward Committees	-	40
Chief Whip	362 584	637 749
	<b>7 281 729</b>	<b>7 276 274</b>

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>36. Remuneration of councillors (continued)</b>		
<b>Mayor</b>		
Councillor remuneration	886,580	882,811
Telephone allowance	38,600	40,800
Other allowance	3,170	3,600
	<b>928,350</b>	<b>927,211</b>
<b>Executive Committee</b>		
Councillor remuneration	1,413,819	1,083,069
Telephone allowance	126,800	81,600
Travel allowance	120,000	120,000
Housing allowance	120,000	121,100
Other allowance	11,310	7,200
	<b>1,791,929</b>	<b>1,412,969</b>
<b>Speaker</b>		
Councillor remuneration	488,368	463,464
Telephone allowance	42,000	41,300
Travel allowance	120,000	120,000
Housing allowance	120,000	120,000
Other allowance	7,095	5,725
	<b>777,463</b>	<b>750,489</b>
<b>Councillors</b>		
Councillor remuneration	2,842,903	2,966,315
Telephone allowance	420,800	421,600
Travel allowance	60,000	60,000
Other allowance	37,700	38,700
Housing allowance	60,000	61,200
	<b>3,421,403</b>	<b>3,547,816</b>
<b>Ward Committees</b>		
Ward Councillor remuneration	-	40
	<b>-</b>	<b>40</b>

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>36. Remuneration of councillors (continued)</b>		
<b>Chief Whip</b>		
Basic salary	316,814	573,349
Cellphone allowance	42,000	60,800
Other allowance	3,770	3,600
	<b>362,584</b>	<b>637,749</b>

#### In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

#### Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Refer to note 43 for details breakdown of remuneration of councillors under the related parties note.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

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2023

### 37. Reversal of impairments/(Impairment loss)

#### Impairments

Property, plant and equipment

(6,643,125) (4,798,168)

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

Infrastructure assets - GRAP 26 (23) states: In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

(g) - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. Due to significant budget constraints, the municipality could not maintain the maintenance plan as required for the infrastructure assets. This led to the value in use being lower than the economic value of the assets. Assets were therefore impaired to a condition grade lower based on physical assessment of these assets.

Land - IGRAP 18 indicates that land is recognised based on control. Control of land is evidenced by the following criteria:

(a) legal ownership; and/or

(b) the right to direct access to land, and to restrict or deny the access of others to land. During the prior year it was identified that control over land has been lost. The most significant part of this was rural development for housing. As the land was not yet transferred to the legal new owners name, the land was impaired.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>37. Reversal of impairments/(Impairment loss) (continued)</b>		
	(6,643,125)	(4,798,168)
<b>Reversal of impairments</b>		
Property, plant and equipment	8,882,749	12,734,608
Repairs and additions to the network assets resulted in previous conditions of assets to improve, thus a reversal of impairments.		
<b>Total impairment losses reversed</b>	<b>2,239,624</b>	<b>7,936,440</b>

The main classes of assets affected by impairment losses are:

Buildings

Community

Infrastructure - Electrical network

Infrastructure - Roads network

Infrastructure - Solid waste network

Infrastructure - Road network

Infrastructure - Water network

Infrastructure - Electricity network

Computer equipment

Furniture and fixtures

Plant and machinery

The main classes of assets affected by reversals of impairment losses are:

Motor vehicles

The main events and circumstances that led to the recognition of these impairment losses are as follows

Physical verification of movable and immovable assets was performed during the financial year, each assets condition was assessed and was graded accordingly. Should the asset be found to be in a very poor condition and not able to fulfill its service potential the asset was then impaired accordingly. Details of the verification condition assessments are recorded in the fixed asset register.

### 38. Fair value adjustments

Investment property	214,973	756,004
	<b>214,973</b>	<b>756,004</b>

### 39. Auditors' remuneration

Fees	5,841,076	7,749,809
	<b>5,841,076</b>	<b>7,749,809</b>

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>40. Net cash flow generated from operating activities</b>		
Surplus/(deficit)	(39,139,478)	30,722,183
<b>Adjustments for:</b>		
Depreciation\	42,889,988	36,797,853
Gain on sale of assets and liabilities	197,629	39,964
Fair value adjustments	(214,973)	(756,004)
Impairment reversals	(2,239,624)	(7,936,440)
Debt impairment	39,747,616	26,289,911
Bad debts written off	5,062,733	14,356,240
Movements in retirement benefit assets and liabilities	901,647	845,000
Movements in provisions	5,113,706	4,766,049
Inventory losses or write-downs	-	101,249
Landfill site movement	(1,315,870)	(1,516,788)
<b>Changes in working capital:</b>		
Inventories	220,461	(240,829)
Receivables from exchange transactions	(2,231,497)	2,669,588
Consumer debtors	(44,810,349)	(40,646,151)
Other receivables from non-exchange transactions	923,679	(517,201)
Payables from exchange transactions	42,721,793	15,838,041
VAT	(1,634,639)	(15,906,122)
Unspent conditional grants and receipts	(4,634,176)	(1,969,639)
Consumer deposits	3,751	(11)
	<b>41,562,397</b>	<b>62,936,893</b>
<b>41. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	36,838,668	49,596,800
	<b>36,838,668</b>	<b>49,596,800</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	36,838,668	49,596,800
	<b>36,838,668</b>	<b>49,596,800</b>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	36,838,668	49,596,800
	<b>36,838,668</b>	<b>49,596,800</b>

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc. This commitments are also presented inclusive of VAT.

Refer to note 45 for prior period corrections made to commitments.

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>42. Contingencies</b>		
Contingent liabilities		
Below is a list of possible liability claims where the outcome was unknown at 30 June 2024 with the maximum unforeseen liability for the Municipality.		
Agri Eastern Cape	100,000	100,000
Eva Statoe	-	1,095,600
T J Mumbire	171,922	100,000
Barlopart Pty Ltd	-	2,149,218
Bongani William	-	50,000
Zama Zondo Construction (Road construction)	-	9,877,630
Mogoba Maphuthi & Ass	-	5,635,603
Thulani Ndlebe	50,000	50,000
N G Kerk	136,778	136,778
Camelsa	1,736,451	1,736,451
Jongosizwe Family Trust	9,000,000	9,000,000
Y Jacobs & Others	3,312,918	-
UJ Jansen & PJ Jansen	1,600,000	-
	<u>16,108,069</u>	<u>29,931,280</u>

*Agri Eastern Cape*

**Construction on 17 RDP houses on Groentuin Farm - Active**

*Eva Statoe*

**Personal Injury - Settled**

*T J Mumbire*

**Unlawful appointment type of court process - Active**

*Barlopart Pty Ltd*

**Contract Emsengeni Taxi Loop - Settled**

*Bongani William*

**Vehicle accident**

*Zama Zondo Construction (Road construction)*

**Road construction - Settled**

*Mogoba Maphuthi & Ass*

**Contract Emsengeni Taxi Loop - Active**

*Thulani Ndlebe*

**Unfair discrimination - Dormant**

*N G Kerk*

**Damages to office - Active**

*Camelsa*

**Unpaid invoices - IT Services - Active**

*Jongosizwe Family Trust*

**Jongosizwe Family Trust Claim for sewerage spill resulting in loss of profit**

*Y Jacobs & Others*

**Electrocution of minor - Active**

*UJ Jansen & PJ Jansen*

**Motor vehicle accident - Active**

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
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### 43. Related parties

Nature of related party relationships

#### Related party transactions

##### Purchases from related parties

Ntsikelelo Frank Mabuza

- 15 600

None of the members of the municipality's management have significant influence over the financial or operating policies of the municipality. No business transactions took place between the municipality and key management personnel and their close family members, unless specifically disclosed. All members of the municipality's management and their close family members receive and pay for services on the same terms and conditions as other ratepayers and residents. All transactions are at arm's length and no bad debt expenses have been recognised in respect of amounts owed by related parties.

#### 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 01 July 2004.

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand 2024 2023

### 43. Related parties (continued)

#### Remuneration of Councillors and Management

##### Management class: Councillors

##### 2024

Name	Basic Salary	Allowances	Total
Mayor	-	-	-
Cllr. S Lucas	886,580	41,770	928,350
<b>Speaker</b>	-	-	-
Cllr. SC Nodonti	588,368	289,09	877,463
<b>Executive committee members</b>	-	-	-
Cllr. H Bayini	288,127	45,770	333,897
Cllr. MC Payi	542,846	285,770	828,616
Cllr. K Smith	682,846	46,570	729,416
<b>Councillors</b>	-	-	-
Cllr. NP Ncambele	396,478	45,770	442,248
Cllr. LE Baka	369,762	45,770	415,532
Cllr. N Baxana	288,127	45,770	333,897
Cllr. M Bosman	288,127	46,570	334,697
Cllr. B Dyantyi	288,127	45,770	333,897
Cllr. SH Hendriks	288,127	45,770	333,897
Cllr. H Jagers	288,127	45,770	333,897
Cllr. XJ Jonas	218,127	165,770	383,897
Cllr. N Langbooi	288,127	45,770	333,897
Cllr. A Ndawo	288,127	45,770	333,897
Cllr. Z Qusheka	288,127	45,770	333,897
	<b>6,278,147</b>	<b>1,044,150</b>	<b>7,611,393</b>

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023	
<b>43. Related parties (continued)</b>			
<b>2023</b>			
<b>Name</b>	<b>Basic Salary</b>	<b>Allowances</b>	<b>Total</b>
<b>Mayor</b>	-	-	-
Cllr. SH Rune	882,811	44,400	927,211
<b>Speaker</b>	-	-	-
Cllr. SC Nodonti	463,464	287,025	750,489
<b>Executive committee members</b>	-	-	-
Cllr. MC Payi	419,668	285,500	705,168
Ald. K Smith	663,401	44,400	707,801
<b>Councillors</b>	-	-	-
Cllr. N Langbooi	277,198	44,400	321,598
Cllr. XJ Jonas	157,198	166,700	323,898
Cllr. LE Baka	478,160	45,100	523,260
Cllr. Z Qusheka	277,198	44,400	321,598
Cllr. NR Baxana	277,198	44,900	322,098
Cllr. AM Ndawo	279,922	44,400	324,322
Cllr. PN Ncambele	453,380	44,400	497,780
Cllr. H Bayini	113,513	18,500	132,013
Cllr. H Jagers	272,430	45,100	317,530
Cllr. M Bosman	279,922	44,400	324,322
Cllr. B Daries	95,578	14,800	110,378
Cllr. B Dyanlyi	277,198	44,400	321,598
Cllr. HS Hendricks	277,198	44,400	321,598
Cllr. F Adams	6,456	-	6,456
Cllr. NG Kausele	2,724	-	2,724
Cllr. MW Kebe	3,496	-	3,496
Cllr. L Erasmus	2,724	-	2,724
Cllr. A Dancey	2,724	-	2,724
Cllr. TH Blowu	2,724	-	2,724
Cllr. ZA Tom	2,724	-	2,724
	<b>5,969,009</b>	<b>1,307,225</b>	<b>7,276,234</b>

Refer to note 36 for remuneration of councillors.

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand 2024 2023

#### 43. Related parties (continued)

##### Management class: Senior Managers

###### 2024

Name	Basic salary	Allowances	Contributions to UIF, Medical and Pension Funds	Total
Municipal Manager	1,276,748	203,654	16,810	1,497,212
Chief Financial Officer	958,712	245,896	13,771	1,218,379
Director Community Service	749,712	474,593	61,657	1,285,962
Director Corporate Service	901,973	289,188	123,407	1,314,568
Director Technical and engineering services	1,013,712	186,777	82,224	1,282,712
	<b>4,900,857</b>	<b>1,400,108</b>	<b>297,868</b>	<b>6,598,833</b>

###### 2023

Name	Basic salary	Allowances	Contributions to UIF, Medical and Pension Funds	Total
Municipal Manager's	881,206	105,000	26,819	1,013,025
Chief Financial Officer	851,761	221,000	49,820	1,122,581
Director Community Service	676,629	470,036	13,146	1,159,811
Director Corporate Service	976,319	311,571	14,858	1,302,749
Director Technical and engineering services	1,020,611	198,399	13,788	1,232,797
	<b>4,406,526</b>	<b>1,306,006</b>	<b>118,431</b>	<b>5,830,963</b>

Refer to note 32 for employee related costs.

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand		2024	2023			
<b>44. Prior-year adjustments</b>						
<b>2023</b>						
	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	5	473,923	55,408	-	-	529,331
Other financial assets		-	11,918	-	0	11,918
Receivables from exchange transactions		11,077,772	(3,675,202)	-	(329,519)	7,073,051
Receivables from non-exchange transactions		12,103,119	(3,759,850)	-	(208,281)	8,134,988
VAT receivable		11,895,773	(12,141,452)	-	56,762	(188,917)
Cash and cash equivalents		4,324,077	1,153,847	-	-	5,477,924
<b>Non-current Assets</b>						
Investment property		32,277,237	7,712,328	-	-	39,989,565
Property, plant and equipment		1,037,108,027	(95,070,863)	-	-	942,037,164
Intangible assets		2,421,570	(2,421,570)	-	-	-
Heritage assets		322,483	-	-	-	322,483
<b>Total Assets</b>		<b>1,112,003,981</b>	<b>(108,135,436)</b>	<b>-</b>	<b>(481,038)</b>	<b>1,003,387,507</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation		(284,339)	284,339	-	-	(1)
Payables from exchange transactions		97,391,609	(9,850,610)	-	174,848	87,715,847
Consumer deposits		80,237	-	-	-	80,237
Employee benefit obligation		852,709	-	-	-	852,709
Unspent conditional grants and receipts		4,921,046	(286,870)	-	-	4,634,176
Provisions - CL		3,249,261	-	-	-	3,249,261
<b>Non-current Liabilities</b>						
Employee benefit obligation		5,858,291	-	-	5,858,291	11,716,582
Provisions - NCL		46,282,153	-	-	-	46,282,153
<b>Total Liabilities</b>		<b>158,350,967</b>	<b>(9,853,141)</b>	<b>-</b>	<b>174,848</b>	<b>148,672,673</b>
<b>Total Net Assets</b>		<b>953,653,014</b>	<b>(98,282,295)</b>	<b>-</b>	<b>(655,886)</b>	<b>854,714,834</b>
Accumulated surplus		953,653,014	(98,282,295)	-	-	855,370,719

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

	2024	2023				
<b>44. Prior-year adjustments (continued)</b>						
<b>Statement of financial performance</b>						
<b>2023</b>						
	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
<b>Revenue from exchange transactions</b>						
Service charges		45,747,489	1,930,511	-	-	47,678,000
Rental of facilities and equipment		65,769	-	-	-	65,769
Other income/ Operational revenue		692,536	30,526	-	-	720,630
Interest received - external investment		11,218,688	-	-	(2,432)	11,218,688
Agency Services		2,359,53	-	-	-	1,929,01
Licences & Permits		1,167,276	-	-	-	1,167,276
		<b>61,251,288</b>	<b>1,530,516</b>	<b>-</b>	<b>(2,432)</b>	<b>62,779,373</b>
Property rates		49,221,502	-	-	-	49,220,023
Taxation revenue - Interest		8,931,372	(1,419)	-	-	8,931,372
Licences & Permits		12,177	-	-	-	-
Government grants & subsidies		184,905,062	232,700	-	(12,177)	185,137,843
Fines, Penalties and Forfeits		108,390	-	-	-	108,390
		<b>243,178,99</b>	<b>231,31</b>	<b>-</b>	<b>(12,177)</b>	<b>243,398,12</b>
<b>Total Revenue</b>		<b>302,430,281</b>	<b>1,761,828</b>	<b>-</b>	<b>(14,609)</b>	<b>306,177,500</b>
<b>Expenditure</b>						
Employee related costs		(90,756,971)	(317,557)	-	1,107,497	(89,967,031)
Compensation of councillors		(8,253,438)	-	-	977,164	(7,276,274)
Depreciation		(27,204,764)	(9,593,087)	-	-	(36,797,851)
Finance costs		(6,662,649)	-	-	-	(6,678,566)
Debt Impairment		(17,673,300)	(8,616,530)	-	(15,917)	(26,289,911)
Bulk purchases		(30,980,625)	8,531,900	-	-	(22,453,722)
Bad debts written off		(14,556,240)	-	-	-	(14,356,240)
Inventory consumed		-	(8,557,133)	-	-	(8,557,133)
Contracted services		(37,987,376)	4,491,246	-	(1,320,726)	(34,816,856)
General Expenses		(45,479,776)	9,474,091	-	(793,361)	(36,799,046)
Transfers and Subsidies		(10,000)	-	-	-	(10,000)
		<b>(279,370,220)</b>	<b>(4,587,067)</b>	<b>-</b>	<b>(45,343)</b>	<b>(284,002,630)</b>
<b>Operating Surplus/ (Deficit)</b>		<b>25,060,061</b>	<b>(2,825,239)</b>	<b>-</b>	<b>(59,951)</b>	<b>22,174,870</b>
Fair value adjustments		601,833	154,172	-	-	756,005
Reversal of impairments (impairment loss)		(6,127,482)	13,772,330	-	291,590	7,936,437
Inventory gains		101,249	-	-	-	101,249
Gain or loss on disposal of assets and liabilities		-	(39,964)	-	-	(39,964)
Actuarial gains		-	-	-	(206,409)	(206,409)
		<b>(5,424,400)</b>	<b>13,886,538</b>	<b>-</b>	<b>85,181</b>	<b>8,547,318</b>
<b>Surplus / (Deficit) For The Year</b>		<b>19,635,661</b>	<b>11,061,299</b>	<b>-</b>	<b>25,229</b>	<b>30,722,189</b>

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023				
<b>44. Prior-year adjustments (continued)</b>						
<b>Cash flow statement</b>						
<b>2023</b>						
	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
<b>Cash flow from operating activities</b>						
Taxation Revenue		55,971,897	(3,224,499)	(3,224,499)	-	49,522,899
Sale of goods and services		24,771,432	(6,270,311)	-	-	18,501,121
Grants		183,222,282	(54,079)	-	-	183,168,203
Interest income		1,482,708	-	-	-	1,482,708
Employee costs		(98,165,410)	243,996	-	-	(97,921,414)
Suppliers		(94,336,859)	2,086,456	-	-	(92,250,403)
Finance costs		(12,392,351)	9,601,631	-	-	(2,790,720)
<b>Net cash from operating activities</b>		<b>60,553,699</b>	<b>2,383,195</b>	<b>-</b>	<b>-</b>	<b>62,936,894</b>
<b>Cash flow from investing activities</b>						
Purchase of property, plant and equipment		(76,217,814)	(2,729,004)	-	-	(78,946,818)
Proceeds from sale of financial assets		-	1,215,321	-	-	1,215,321
<b>Net cash from investing activities</b>		<b>(76,217,814)</b>	<b>(1,513,683)</b>	<b>-</b>	<b>-</b>	<b>(77,731,497)</b>
<b>Cash flow from financing activities</b>						
Finance lease payments		(284,339)	284,339	-	-	-
<b>Net cash from financing activities</b>		<b>(284,339)</b>	<b>284,339</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total cash movement for the year</b>		<b>(15,948,454)</b>	<b>1,153,851</b>	<b>-</b>	<b>-</b>	<b>(14,794,603)</b>
Cash and cash equivalents at the beginning of the year		20,272,532	-	-	-	20,272,532

#### Errors

The following prior period errors were identified and corrected during the year:

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## Notes to the Unaudited Annual Financial Statements

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### 44. Prior-year adjustments (continued)

#### Property, plant and equipment:

All assets was physically verified during the year and all conditions were updated for the current year. The new register was accounted for accordingly. All completed WIP projects was re-unbundled and correctly transferred to PPE per phase of completion based on supporting completion certificates.

Affected line items	
Accumulated surplus (deficit)	209,193,744
Gain or loss on disposal of assets and liabilities	75,054
Payables from exchange transactions	439,647
Property, plant and equipment	(197,571,557)
VAT receivable	(48,813)
General Expenses	1,075,689
Contracted Services	(7,327,477)
Reversal of impairments (Impairment loss)	(27,544,659)
Depreciation and amortisation	21,708,372
	<u>(0)</u>

#### Intangible assets:

Intangible assets were reassessed and confirmed to not meet the definition and was derecognised.

Affected line items	
Accumulated surplus (deficit)	7,365,337
Intangible assets	(4,843,139)
Depreciation and amortisation	(2,522,198)
	<u>(0)</u>

#### Debt impairment:

Management did not apply GRAP 104 correctly. Management have now corrected to ensure discounting is correctly applied to the impairment provision.

Affected line items	
Accumulated surplus (deficit)	(4,015,722)
Receivables from exchange transactions	(7,350,404)
Receivables from non-exchange transactions	(5,329,877)
VAT receivable	(456,921)
General Expenses	8,536,395
Debt Impairment	8,616,530
	<u>0</u>

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### 44. Prior-year adjustments (continued)

#### Payables from exchange transactions:

A total population revisit was done and all trade creditors were reconciled per creditor. All corrections were passed

Affected line items	2024	2023
Accumulated surplus (deficit)	304,110,824	
Cash and cash equivalents	1,149,568	
Finance costs	(9,553,389)	
Finance lease obligation	(568,677)	
Inventories	(154,695)	
Payables from exchange transactions	(283,176,195)	
Property, plant and equipment	8,375	
Receivables from exchange transactions	1,246	
VAT receivable	(3,807,525)	
General Expenses	(8,009,533)	
		(0)

#### Receivables from exchange transactions:

Correction of Prepaid sales received in advance.

Affected line items	2024	2023
Accumulated surplus (deficit)	5,566,340	
Other financial assets	23,837	
Payables from exchange transactions	(1,787,308)	
Receivables from exchange transactions	71,974	
VAT receivable	(224,206)	
General Expenses	176,918	
Service charges	(3,827,554)	
		(0)

#### Agency services:

Agency fees for the month of July 2022 until January 2023, the calculations of the agency fees were calculated based on the vehicle license fees and then add motor vehicle registration and manual fees, and not taking 19% for all fees, as documented on the SLA.

Affected line items	2024	2023
Agency services	861,041	
Payables from exchange transactions	(282,602)	
VAT receivable	(578,439)	
		-

#### Leave Accrual:

The total population was revisited and all discrepancies were corrected.

Affected line items	2024	2023
Payables from exchange transactions	(317,557)	
Employee related costs	317,557	
		-

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### 44. Prior-year adjustments (continued)

Inventory consumed:

Water inventory was accounted for in terms of Circular 98 as water purchased are to be accounted for under Inventory.  
Bulk purchases was reclassified as Inventory consumed.

Affected line items	
Accumulated surplus (deficit)	(111,710)
Inventories	321,366
General Expenses	(234,886)
Bulk purchases	(8,531,903)
Inventory consumed	8,557,133
	<u>(0)</u>

Unspent conditional grants and receipts:

Unconditional Grant received from DEDEAT for GMA was reclassified to Public contributions and donations

Affected line items	
Unspent conditional grants and receipts	286,870
Government grants & subsidies	(286,870)
	<u>-</u>

Investment property:

All Land and Investment properties was verified against the valuation roll, properties was identified that was not included in the prior year register. Additional properties was identified that had to be removed as the properties transferred from owners and did not meet the criteria of Land or Investment properties.

Affected line items	
Accumulated surplus (deficit)	(22,531,309)
Fair value adjustments	(308,344)
Gain or loss on disposal of assets and liabilities	4,873
Investment property	15,424,656
Property, plant and equipment	7,410,123
	<u>0</u>

Cash and cash equivalents

Correction of allocation of unallocated deposits and SARS transaction that was unpaid in prior year and paid in current year.

Affected line items	
Accumulated surplus (deficit)	(4,279)
Cash and cash equivalents	1,149,568
Payables from exchange transactions	(1,145,290)
	<u>-</u>

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### 44. Prior-year adjustments (continued)

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### Notes to the Unaudited Annual Financial Statements

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<b>45. Comparative figures</b>			
Certain comparative figures have been reclassified.			
The effects of the restatement are as follows:			
Distribution losses	5,477,513	(101,729)	5,375,784
<i>Correction of the accounting of Circular 98.</i>			
Commitments	26,503,456	23,093,344	49,596,800
<i>Correction of prior year disclosure error identified during audit not corrected.</i>			
Contingent liabilities	21,731,280	8,200,000	29,931,280
<i>New legal confirmations obtained and amounts updated accordingly.</i>			
Unauthorized expenditure	454,687,195	(135,305,755)	319,381,440
<i>Correction due to incorrect budget used in 2022/23 and 2021/22 respectively</i>			
Irregular expenditure	519,490,325	83,750,707	603,241,032
<i>Additional irregular expenditure identified relating to 2022/23.</i>			
Fruitless and wasteful expenditure	18,071,973	(7,538)	18,064,435
<i>Correction on interest and penalties</i>			
PAYE and UIF	-	1,083,567	1,083,567
<i>New disclosure due to 100% recalculation done on employee cost.</i>			
VAT	11,985,773	(11,985,773)	-
<i>Correction of prior year disclosure error identified as well as opening balance error.</i>			
Councillors' arrear consumer accounts	142,673	25,459	168,132
<i>Correction of prior year disclosure error identified</i>			
Segment information	5,424,398	(22,438,963)	(17,014,565)
<i>Corrections of prior period errors affected the Surplus of the year that has been previously reported.</i>			

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### 46. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Treasury function reports periodically to the municipality's finance committee, that monitors risks and policies implemented to mitigate risk exposures.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2024				
Trade and other payables	130,437,640	-	-	-
At 30 June 2023				
Trade and other payables	87,715,848	-	-	-

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## Notes to the Unaudited Annual Financial Statements

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### 46. Risk management (continued)

#### Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Potential concentrations of credit risk consist mainly of investments, loans and receivables, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents.

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

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

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

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

The municipality only deposits with major banks with high quality credit standing.

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

Financial instrument	2024	2023
Receivables from exchange transactions	9,304,547	7,073,052
Receivables from non-exchange transactions	6,877,551	7,801,231
Bank balances	7,100,644	5,477,923

The method for determining the credit quality of the different financial instruments is disclosed in their individual notes.

Consumer deposits and guarantees held in lieu of service accounts are disclosed in note 12.

#### Market risk

##### Interest rate risk

The municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

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.

The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings and finance leases are therefore usually at fixed rates.

This risk is managed on an ongoing basis.

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### 46. Risk management (continued)

#### Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality.

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

### 47. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus/(deficit) of R 815611963 and that the municipality's current liabilities exceed its current assets by R -109782326.35

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

The municipality is experiencing some financial difficulties, indicators are as follows:

1. Suppliers are not paid within the legislative 30 days.
2. Employee benefit obligations are unfunded; refer note 14
3. High levels of distribution losses; refer note 54
4. Slow collection and low recoverability of outstanding consumer accounts; refer to notes 6 and 7.
5. Unfavourable financial ratios.

In addition, the municipality owed key suppliers: Eskom Holdings SOC R 6,711,174 (2023: R7,827,316) and; Department water and sanitation R 48,400,268 (2023: R 37,974,093) as at 30 June 2024.

The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. There is material uncertainty that the municipality can operate as a going concern if additional funding cannot be procured. The ability of the municipality to continue as a going concern is dependent on several factors:

1. Circular 124 – Eskom write-off agreement application.
2. Circular 123 – Budgeting process and improved tariff adjustments to improve service delivery collections.
3. Valuation roll implementation from 2020/21, this will improve property rates billing for next 5 years supplementary roll implemented every quarter.
4. Additional supplementary valuation rolls were implemented during the financial year to improve property rates billing and enhance cashflow.

### 48. Events after the reporting date

The municipality have not identified any material category of non-adjusting events after the reporting date.

### 49. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Unauthorised expenditure	410,634,522	319,381,440
Irregular expenditure	689,111,762	616,934,354
Fruitless and wasteful expenditure	23,918,353	18,064,435
<b>Closing balance</b>	<b>1,123,664,637</b>	<b>954,380,229</b>

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## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>50. Unauthorised expenditure</b>		
Opening balance as previously reported	319,381,440	338,466,188
Add: Unauthorised expenditure - current	91,253,082	116,221,007
Add: Unauthorised expenditure - prior period	-	(58,976,563)
Add: Unauthorised expenditure - prior prior period	-	(76,329,192)
<b>Closing balance</b>	<b>410,634,522</b>	<b>319,381,440</b>

Unauthorised expenditure is disclosed exclusive of VAT.

Non-cash	36,985,888	33,174,348
Cash	54,267,195	24,070,096
	<b>91,253,082</b>	<b>57,244,444</b>

### Unauthorised expenditure: Budget overspending – per municipal department:

Vote 1 - Executive AND Council	-	6,325,087
Vote 2 - CORPORATE SERVICES	-	3,913,835
Vote 3 - FINANCE	72,203,844	31,572,245
Vote 4 - Community Services	10,954,950	12,277,539
Vote 5 - Technical Services	8,094,289	3,155,737
	<b>91,253,082</b>	<b>57,244,444</b>

### 51. Fruitless and wasteful expenditure

Opening balance as previously reported	18,064,435	16,898,675
Add: Fruitless and wasteful expenditure identified - current	5,853,918	1,165,760
<b>Closing balance</b>	<b>23,918,353</b>	<b>18,064,435</b>

Fruitless and wasteful expenditure is presented inclusive of VAT

### Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings	
Arena Holdings	28,099	205,813
Auditor General of SA	339,715	123,922
Department of Water & Sanitation	4,323,513	-
Eskom	992,522	424,176
Lower Sundays River Water User	16,193	99,517
SARS	141,995	112,212
Telkom SA	9,018	10,896
COEGA Development Cooperation	935	7,759
Joubert Galpin And Searle	1,650	2,887
Weavind And Weavind	-	47,704
Boqwana Burns	-	80,043
South African Local Authorities Pension Fund	-	50,832
First National Bank	30	-
Lezmin	247	-
	<b>5,853,918</b>	<b>1,165,760</b>

No write off's of amounts were proposed to council or approved by council for the prior period under review.

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### Notes to the Unaudited Annual Financial Statements

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#### 51. Fruitless and wasteful expenditure (continued)

##### Amount recovered

Investigations will be conducted in the following financial reporting period to determine whether any amounts are recoverable or not.

#### 52. Irregular expenditure

Opening balance as previously reported	616,934,354	485,338,257
<b>Opening balance as restated</b>	<b>616,934,354</b>	<b>485,338,257</b>
Add: Irregular Expenditure - current	72,177,407	131,596,097
<b>Closing balance</b>	<b>689,111,762</b>	<b>616,934,354</b>

Irregular expenditure is presented inclusive of VAT

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	
Competitive bidding not invited	3,269,330	4,449,648
Three written quotations not invited	66,494,325	88,320,350
Declaration of interest not submitted	13,008	30,575
Tax clearances not obtained	644,115	704,662
Awards to close family member of [state details]	1,756,629	38,090,862
	<b>72,177,407</b>	<b>131,596,097</b>

#### Disciplinary steps taken/criminal proceedings

Based on the above, no disciplinary steps or criminal proceedings were taken during the reporting period under review.

#### 53. Material Losses

Electricity distributed losses		
Units purchased (kWh)	15,555,050	14,162,799
Units lost during distribution (kWh)	2,518,962	2,388,141
Percentage lost during distribution	16%	17%
Loss Amount	4,584,511	3,786,163
These losses are due to technical losses on the distribution system (transformers, cables, overhead lines), faulty meters, theft and vandalism.		
Water distributed losses		
Mega litres purified	4,624	6,200
Mega litres lost during distribution	3,033	5,308
Percentage lost during distribution	66%	86%
Loss Amount	5,151,601	1,589,621
These losses are due to defective meters, losses on water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.		

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<b>54. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance	2,527,333	2,108,156
Current year subscription / fee	1,067,434	1,029,177
Amount paid - current year	-	(610,000)
	<b>3,594,767</b>	<b>2,527,333</b>
<b>Material losses</b>		
Electricity distribution losses	4,584,511	3,786,163
Water distribution losses	5,151,601	1,589,621
	<b>9,736,112</b>	<b>5,375,784</b>
<b>Audit fees</b>		
Opening balance	1,213,653	1,540,165
Current year subscription / fee	7,056,953	9,028,232
Amount paid - current year	(3,805,701)	(9,354,744)
	<b>4,464,905</b>	<b>1,213,653</b>
<b>PAYE and UIF</b>		
Opening balance	1,083,567	-
Current year subscription	11,360,905	10,820,409
Amount paid - current year	(11,135,157)	(9,736,843)
	<b>1,309,314</b>	<b>1,083,567</b>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	23,233,742	21,225,705
Amount paid - current year	(20,615,993)	(21,225,705)
	<b>2,617,750</b>	<b>-</b>
<b>VAT</b>		
Current year subscription	(17,539,194)	(17,943,206)
Amount received - current year	17,539,194	17,943,206
	<b>-</b>	<b>-</b>

VAT output payables and VAT input receivables are shown in note 61.

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

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

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024. (Councillors marked with \* has payment arrangements in place.)

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. M Bosman	-	6,641	6,641
Cllr. K Smith*	24,833	42,504	67,337
Cllr. SH Hendricks*	911	1,945	2,856
Cllr. N Langbooi	1,109	22,175	23,284
Cllr. LE Baka	1,077	9,138	10,214
Cllr. XJ Jonas	517	56,951	57,468
Cllr. SC Nodonti	-	100,217	100,217
Cllr. Z Qusheka	-	1,450	1,450
Cllr. B Dyantyi	1,067	21,240	22,307
Cllr. N Baxana	517	4,720	5,237
Cllr. MC Payi	-	100,000	100,000
Cllr. NP Ncambele	-	79,663	79,663
	<b>30,029</b>	<b>446,645</b>	<b>476,674</b>

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. F Adams	1,465	19,586	21,051
Cllr. LE Baka	1,351	18,538	19,890
Cllr. N Baxana	601	4,149	4,750
Cllr. M Bosman	5,168	4,138	9,306
Cllr. B Dyantyi	1,238	15,118	16,356
Cllr. L Erasmus	933	-	933
Cllr. SH Hendricks*	1,416	24,043	25,459
Cllr. XJ Jonas	654	6,107	6,762
Cllr. N Langbooi	1,131	15,945	17,075
Cllr. A Ndawo	1,261	12,458	13,719
Cllr. SC Nodonti	-	217	217
Cllr. MC Payi	47	-	47
Cllr. Z Qusheka	-	1,450	1,450
Cllr. SH Rune	1,836	25,445	27,280
Cllr. K Smith*	3,826	10	3,837
	<b>20,928</b>	<b>147,205</b>	<b>168,132</b>

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

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

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

30 June 2024	Highest outstanding amount	Aging (in days)
Cllr. M Bosman	6,641	300
Cllr. K Smith*	38,330	300
Cllr. SH Hendricks*	1,150	300
Cllr. N Langbooi	15,618	300
Cllr. LE Baka	5,220	300
Cllr. XJ Jonas	50,000	120
Cllr. SC Nodonti	100,000	120
Cllr. Z Qusheka	1,450	300
Cllr. B Dyantyi	15,076	300
Cllr. N Baxana	2,526	300
Cllr. MC Payi	100,000	120
Cllr. NP Ncambele	79,663	120
	<b>415,675</b>	<b>2,880</b>

  

30 June 2023	Highest outstanding amount	Aging (in days)
Cllr. F Adams	21,051	300
Cllr. LE Baka	19,890	300
Cllr. N Baxana	4,750	300
Cllr. M Bosman	9,306	180
Cllr. B Dyantyi	16,356	300
Cllr. SH Hendricks*	25,459	300
Cllr. XJ Jonas	6,762	300
Cllr. N Langbooi	17,075	300
Cllr. A Ndawo	13,719	300
Cllr. SC Nodonti	217	180
Cllr. Z Qusheka	1,450	180
Cllr. SH Rune	27,280	300
Cllr. K Smith*	3,837	180
	<b>167,152</b>	<b>3,420</b>

### Non-compliance with the Municipal Finance Management Act

In terms of section 65 (2)(e) of the Municipal Finance Management Act (Act 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Management Act (Act 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

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### 55. Deviation from supply chain management regulations

In terms of section 36 of the municipality SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer and noted by Council.

All deviations considered by the accounting officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

Deviation from, and ratification of minor breaches of, the procurement processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the annual financial statements.

SCM paragraph  
reference

36 (1)(a) i	Dispense with the official procurement processes in an emergency	344,862	46,000
36 (1)(a) ii	Dispense with official procurement processes if such goods or services are produced or available from a single source or sole provider.	87,082	23,202
36 (1)(a) v	Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.	6,550,202	332,899
Total deviations		<u>6,982,146</u>	<u>402,100</u>

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## Notes to the Unaudited Annual Financial Statements

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### 56. Segment information

#### General information

#### Identification of segments

For management purposes, the municipality is organised and operates in seven key functional segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these segments are allocated at a transactional level.

The five key functional segments comprise of:

- Community Services
- Corporate Services
- Executive & Council
- Finance
- Technical Services

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

#### Aggregated segments

The municipality does not aggregate any other municipal activities into a general reportable segment.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Community Services	Community and social services, sports recreation and public safety.
Corporate Services	Administrative functions in human resources, legal services or compliance, communications and finance
Executive & Council	Municipal Governance and Administration.
Finance	Administration and financial services.
Technical Services	Energy sources, Water management, Waste water management and waste management.

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

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### 56. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community Services	Corporate Services	Executive & Council	Finance	Technical Services	Total
<b>Revenue</b>						
Revenue from exchange transactions						
Agency services	(2,954,906)	-	-	-	-	(2,954,906)
Interest received	(3,596,513)	-	-	(1,563,912)	(9,828,842)	(14,989,267)
Municipal - Licences and permits	(988,845)	-	-	-	-	(988,845)
Other income - (rollup)	(111,186)	(8,672)	-	(329,702)	(932,923)	(1,382,483)
Rendring of services	(6,195,660)	-	-	-	(49,532,566)	(55,728,226)
Rental of facilities and equipment	(146,875)	-	-	-	-	(146,875)
Revenue from non-exchange transactions						
Taxation revenue	-	-	-	(51,755,349)	-	(51,755,349)
Transfer revenue	(11,267,223)	(147,789)	-	(13,939,555)	(146,609,532)	(171,964,099)
<b>Total segment revenue</b>	<b>(25,114,333)</b>	<b>(156,461)</b>	<b>-</b>	<b>(67,588,518)</b>	<b>(206,903,864)</b>	<b>(299,910,050)</b>
<b>Total revenue</b>						<b>(299,910,050)</b>
<b>Expenditure</b>						
Bad debts written off	-	-	-	5,062,733	-	5,062,733
Bulk purchases	19,270,167	1,126,750	17,591,735	18,561,606	28,362,540	28,362,540
Contracted Services	285,100	-	-	39,462,516	5,079,003	61,629,261
Debt Impairment	30,345,516	14,691,145	16,678,243	15,007,388	31,124,794	39,747,616
Employee costs	4,493,172	-	-	6,691,255	-	107,847,086
Finance costs	1,848,486	6,583,793	5,982,591	7,681,995	22,279,671	11,184,427
General	1,176,604	2,308,270	-	5,273,568	34,131,549	44,376,535
Depreciation	-	-	-	-	-	42,889,990
<b>Total segment expenditure</b>	<b>57,419,045</b>	<b>24,709,958</b>	<b>40,252,568</b>	<b>97,741,061</b>	<b>120,977,556</b>	<b>341,100,188</b>

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## Notes to the Unaudited Annual Financial Statements

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	Community Services	Corporate Services	Executive & Council	Finance	Technical Services	Total
<b>56. Segment information (continued)</b>						
Actuarial gains/losses	-	206,311	-	-	-	206,311
Fair value adjustments	-	(214,973)	-	-	-	(214,973)
Gain or loss on disposal of assets and liabilities	-	364,360	-	(166,732)	-	197,629
Reversal of impairments	(388,099)	(136,784)	(416,401)	2,108,852	(3,407,193)	(2,239,625)
	-	206,311	-	(166,732)	-	(2,050,659)
<b>(Deficit) surplus for the year</b>						<b>(39,139,479)</b>
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	268,054,772	-	-	(260,954,128)	-	7,100,644
Inventories	-	(261,370)	-	570,240	-	308,870
Other financial assets	-	-	-	7,546	-	7,546
Receivables from exchange transactions	(37,373,273)	-	-	109,804,158	(63,126,338)	9,304,547
Receivables from non-exchange transactions	-	-	-	7,211,308	-	7,211,308
<b>Non-current assets</b>						
Heritage assets	-	-	-	322,483	-	322,483
Investment property	-	-	-	40,204,539	-	40,204,539
Property, plant and equipment	11,631,350	(7,197,739)	-	929,265,355	8,726,586	942,425,552
Total segment assets	242,312,849	(7,459,108)	-	826,431,500	(54,399,751)	1,006,885,489
<b>Total segment assets</b>	<b>484,625,698</b>	<b>(14,918,217)</b>	<b>-</b>	<b>1,652,863,000</b>	<b>(108,799,503)</b>	<b>2,013,770,978</b>
<b>Total assets as per Statement of Financial Position</b>						<b>2,013,770,978</b>

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

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### 56. Segment information (continued)

	Community Services	Corporate Services	Executive & Council	Finance	Technical Services	Total
<b>Liabilities</b>						
Consumer deposits						
Payables from exchange transactions	(13,410,150)	-	-	(142,154,552)	25,127,061	(130,437,640)
Provisions	-	-	-	(3,797,836)	-	(3,797,836)
Retirement benefit obligation	-	-	-	(901,647)	-	(901,647)
VAT Payment	-	-	-	1,445,722	-	1,445,722
Employee benefit obligation						
Provisions	-	-	-	(50,847,284)	-	(50,847,284)
Total segment liabilities	(13,410,149)	-	-	(203,050,585)	25,127,061	(191,333,674)
<b>Total segment liabilities</b>	<b>(26,820,299)</b>	<b>-</b>	<b>-</b>	<b>(399,306,183)</b>	<b>50,254,122</b>	<b>(375,872,359)</b>
<b>Total liabilities as per Statement of financial Position</b>						<b>(375,872,359)</b>

# Sunday's River Valley Local Municipality

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## Notes to the Unaudited Annual Financial Statements

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### 56. Segment information (continued)

2023

					Total
<b>Revenue</b>					
<b>Agency services</b>					
Interest received - investment	(2 657,595)	-	-	(1 472,811)	(7 088,283)
Municipal - Licences and permits	(1 167,276)	-	-	-	(1 167,276)
Other income - (rollup)	(126,685)	-	-	(430,211)	(163,734)
Rendering of services	(6 121,039)	-	-	(161,585)	(41,395,377)
Rental of facilities and equipment	(65,769)	-	-	-	(65,769)
<b>Taxation revenue</b>					
Transfer revenue	(15 828,773)	(138,264)	-	(55,142,282)	(114,137,415)
Total segment revenue	(27,896,145)	(138,264)	-	(115,358,283)	(162,784,809)
<b>Total segment revenue</b>	<b>(53,663,280)</b>	<b>(276,528)</b>	<b>-</b>	<b>(172,565,171)</b>	<b>(325,569,618)</b>
					<b>(552,274,597)</b>
<b>Expenditure</b>					
Bulk purchases	10 743,520	537,166	-	22 453,722	22 453,722
Contracted Services	-	-	-	16 749,798	1 799,415
Debt Impairment	1 110,224	1 754,923	-	26 289,911	34 816,857
Depreciation	27,864,162	13,551,010	-	5,145,342	26,289,911
Employee costs	3,887,852	-	-	14,461,716	28 787,363
Finance costs	1,136,453	5,836,355	-	2,790,720	36,797,851
General	44,742,210	21,679,454	22,522,497	14,335,913	97,243,306
Total segment expenditure	89 484,420	43,358,907	45,044,993	218,810,486	156,950,227
<b>Total segment expenditure</b>	<b>89 484,420</b>	<b>43,358,907</b>	<b>45,044,993</b>	<b>218,810,486</b>	<b>553,649,034</b>

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## Notes to the Unaudited Annual Financial Statements

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											Total
<b>56. Segment information (continued)</b>											
Fair value adjustments	-	(756,004)	-	-	-	-	-	-	-	-	(756,004)
Gain or loss on disposal of assets and liabilities	-	39,964	-	-	-	-	-	-	-	-	39,964
Inventories losses/write-downs	-	-	-	-	-	(101,249)	-	-	-	-	(101,249)
Reversal of impairments	(1,841,119)	(735,177)	1,311,687	(282,717)	(6,389,113)	(7,936,439)	-	-	-	-	(7,936,439)
	-	(756,004)	1,311,687	-	-	-	-	-	-	-	(8,753,729)
<b>(Deficit) surplus for the year</b>											<b>7,379,292</b>
<b>Assets</b>											
<b>Cash and cash equivalents</b>											
Inventories	-	(153,232)	-	682,562	-	11,918	-	-	-	-	529,331
Other financial assets	(29,645,370)	-	-	92,229,918	(55,511,496)	7,073,052	-	-	-	-	11,918
Receivables from exchange transactions	-	-	-	8,134,988	-	-	-	-	-	-	8,134,988
Receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	39,989,566	-	-	-	-	-	-	39,989,566
Property, plant and equipment	(1,042)	(6,630,356)	-	894,941,978	-	53,726,581	-	-	-	-	942,037,161
Total segment assets	248,083,819	(6,783,588)	-	764,061,107	-	(1,784,916)	1,003,576,423	-	-	-	1,003,576,423
	<b>218,437,408</b>	<b>(13,567,176)</b>		<b>-</b>	<b>1,800,052,038</b>	<b>(3,569,831)</b>	<b>2,001,352,439</b>				<b>2,001,352,439</b>
Total assets as per Statement of financial Position											<b>1,003,576,423</b>
Total assets as per Statement of financial Position											<b>3,004,928,862</b>

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## Notes to the Unaudited Annual Financial Statements

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Total

56. Segment information (continued)						
<b>Liabilities</b>						
Payables from exchange transactions	(12,998,289)	-	-	(94,825,774)	20,108,215	(87,715,848)
Provisions	-	-	-	(3,249,261)	-	(3,249,261)
Retirement benefit obligation	-	-	-	(852,709)	-	(852,709)
Unspent conditional grants and receipts	0	-	-	(18,939,964)	14,305,788	(4,634,176)
VAT Payment	-	-	-	(188,917)	-	(188,917)
Employee benefit obligation	-	-	-	(5,858,291)	-	(5,858,291)
Provisions	-	-	-	-	-	-
Total segment liabilities	(12,998,288)	-	-	(170,277,306)	34,414,003	(148,861,592)
Total segment liabilities	(25,996,576)	-	-	(294,192,223)	68,828,006	(251,360,794)
Total liabilities as per Statement of financial Position						(148,861,592)
Total liabilities as per Statement of financial Position						(400,222,386)

Measurement of segment surplus or deficit, assets and liabilities

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

Information about geographical areas

# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2024

## Notes to the Unaudited Annual Financial Statements

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### 57. Budget differences

#### Material differences between budget and actual amounts

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

#### Explanation of variances between approved and final budget amounts

The materiality framework of the municipality informs the determining base ranges. The framework outlines all principles and guiding practices to allow management to enforce a consistent application of the framework's guidelines. With regard to reporting, the understandability and transparency to users of the financial statements was a determining factor when deciding on the base %. The determining base was if the line item in the Statement of financial position or Statement of financial performance has more than a 10% deviation between the Final Budgeted amount and the Actual reported balance.

The variances identified in the Budget Statement is as follows:

Reference No.	Description	Actual amount over/(under) budget	Variance percentage	Explanation
Note 58.1	Rental of facilities and equipment	70,151	91%	More customers rented the municipal facilities than anticipated
Note 58.2	Agency services	640,437	28%	Higher inflow of customers making motor registration than anticipated during budgeting stage
Note 58.3	Licences and permits	(381,831)	-28%	Closure of the traffic testing ground resulted in lower than anticipated revenue from Licence and Permits
Note 58.4	Other income - (rollup)	(790,440)	-36%	Roll up of income, reasons mentioned above
Note 58.5	Gains on disposal of assets	(697,629)	-140%	During budgeting no sale of assets was envisaged resulting in variance depicted
Note 58.6	Fines, Penalties and Forfeits	(1,394,470)	-79%	Fines have not been recorded on accrual basis and budget provided for using accrual basis of accounting
Note 58.7	Depreciation and amortisation	27,214,618	-%	No reasons needed
Note 58.8	Impairment loss/ Reversal of impairments	6,127,482	-%	No reasons needed
Note 58.9	Finance costs	(4,087,790)	58%	Higher interest expenses charged for overdue accounts
Note 58.10	Lease rentals on operating lease	460,070	-%	Receivables from exchange transactions increased thus the increase in debt impairment
Note 58.11	Debt Impairment	(7,264,124)	22%	Prior period error that resulted in a greater amount in the previous year
Note 58.12	Bad debts written off	2,632,985	-34%	More project expenses acquired than initially anticipated at budgeted stage
Note 58.13	Contracted Services	(24,040,353)	64%	Less proceeds received from the disposal of assets than anticipated in the budget phase
Note 58.14	Loss on disposal of assets	(697,629)	-140%	Unplanned expenses incurred resulted in higher variance than anticipated
Note 58.15	General Expenses	53,672,924	-57%	Fair value adjustment done by expert and report included in the AFS
Note 58.16	Fair value adjustments	(885,717)	-80%	Inventory on hand is being used first. Inventory on hand at year-end lower than anticipated during the budgeting process

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<b>57. Budget differences (continued)</b>				
Note 58.17	Inventories	(240,304)	350%	Debt impairment (Non-cash item) not budgeted or accounted for during the budgeting process
Note 58.18	Receivables from exchange transactions	10,983,222	-54%	Debt impairment (Non-cash item) not budgeted or accounted for during the budgeting process
Note 58.19	Receivables from non-exchange transactions	33,142,222	-82%	Correction of prior period error resulting in significant changes
Note 58.20	VAT receivable	(23,798,726)	66%	Cash on hand at year-end higher than anticipated during the budgeting process
Note 58.21	Cash and cash equivalents	(39,599,164)	-122%	100% population test performed and significant changes incorporated in the AFS
Note 58.22	Investment property	(17,595,216)	78%	Accounting for the movement between WIP and PPE
Note 58.23	Property, plant and equipment	(104,129,759)	12%	Correction of prior period error resulting in significant changes
Note 58.24	Payables from exchange transactions	94,693,784	101%	Correction of prior period error resulting in significant changes
Note 58.25	VAT payable	30,407,250	109%	Correction of prior period error resulting in significant changes
Note 58.26	Consumer deposits	(2,552,689)	-97%	Provisions is only calculated after year-end by experts
Note 58.27	Employee benefit obligation	147,786	20%	Management did not anticipated to have no Unspent conditional grants left at year-end
Note 58.28	Unspent conditional grants and receipts	(6,603,815)	-100%	Provisions is only calculated after year-end by experts
Note 58.29	Provisions	3,797,836	-%	Provisions is only calculated after year-end by experts
Note 58.30	Employee benefit obligation	1,598,861	31%	Provisions is only calculated after year-end by experts
Note 58.31	Provisions	6,081,919	14%	Deficit of previous financial years not accounted for
Note 58.32	Reserves	44,346,096	6%	STATE REASON WHY DIFFERENCE

#### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to pages 10 to 11 in the annual report.

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages 10 to 11 in the annual report.

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### Notes to the Unaudited Annual Financial Statements

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#### 58. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is|are as follows:

Municipality as Agent / Principle	Other Party in agreement	Purpose of Arrangement	Description of Arrangement	Significant Terms and Conditions of Arrangement
Agent	Provincial Department of Transport	Motor Vehicle registration	The Municipality undertakes to handle Motor vehicle license issuing on behalf of the Department of Transport and collects a commission of 19% plus VAT.	The municipality collect motor registration fees on behalf of Provincial Administration. Payment is made weekly based on the e-Natis reports Agency fees to the value of 19% plus VAT is withhold from the payment to the Province

#### Municipality as agent

##### Resources held on behalf of the principal(s), but recognised in the municipalities own financial statements

The resources regarding the Licensing Department remain their own and do not form part of the Municipality's financial statements.

##### Revenue recognised

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R3,943,751 (2023: R3,096,286)

Motor Vehicle registration - 17	(2,954,906)	(1,929,010)
Dept of Transport		
Drivers Licence applications - 20	(988,845)	(1,167,276)
Dept of Transport		
	(3,943,751)	(3,096,286)

#### 59. BBBEE Performance

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

#### 60. Other financial assets

##### At amortised cost

Conventional water & electricity	67,694	48,528
Cut-over estimation performed on year-end on conventional water not yet consumed.		

##### Current assets

At amortised cost	67,694	48,528
	67,694	48,528

##### Financial assets at cost

## Sunday's River Valley Local Municipality

(Demarcation code: EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2024

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
<b>60. Other financial assets (continued)</b>		
<b>Financial assets at amortised cost</b>		
<b>61. VAT payable</b>		
Tax refunds payables	-	188,917
	-	<b>188,917</b>