Gamagara Local Municipality

Annual Financial Statements
for the year ended 30 June 2023

Gamagara Local Municipality
Annual Financial Statements for the year ended 30 June 2023

General Information

Mayoral committee	
Executive Mayor	Cllr. H. du Plessis
Councillors	Cllr. S.S. Mines
	Cllr. N.S. Magagane
	Cllr. O.E. Hantise
	Cllr. B.I. Sebego
	Cllr. T.M. Motsoare
	Cllr. K.V. Dithupa
	Cllr. M.L. Jafta
	Cllr. E.T. Tiroyame
	Cllr. G.M. Sekgopi
	Cllr. J.J.T. Roman
	Cllr. A.M. Caetano
	Cllr. E. Dikolanyane
	Cllr. N.M. Koikoi
	Cllr A.J. Morwe
	Cllr. J.C. Makape
	Cllr. B.P. Lekgadi
Grading of local authority	Grade 3
Chief Finance Officer (CFO)	A. Makoku
Accounting Officer	L. Seetile
Registered office	Civic Centre Cnr Hendrik Van Eck & Frikkie Meyer Rd Kathu 8446
Postal address	PO BOX 1001 Kathu 8446
Bankers	First National Bank Standard Bank
Auditors	Auditor General South Africa

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 104, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

L. Seetile
Municipal Manager

Certification of Remuneration of Councillors

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

_____

L SEETILE

MUNICIPAL MANAGER

31 August 2023.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

L. Seetile
Municipal Manager

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	783 789	959 548
Operating lease asset	4	-	2 336
Other trade receivables from exchange transactions	5	4 127 039	3 946 292
Statutory receivables from non-exchange transactions	6&7	102 679 144	101 993 164
Statutory receivables from exchange transactions	8	56 921 319	31 034 819
Receivables from exchange transactions	9	285 342 549	252 693 147
Other trade receivables from non-exchange transactions	12	2 415 221	2 535 327
Cash and cash equivalents	14	13 190 568	19 253 258
		465 459 629	**412 417 891**
Non-Current Assets			
Investment property	15	346 311 284	343 955 367
Property, plant and equipment	16	1 156 053 736	1 164 988 513
Intangible assets	17	226 053	430 995
Heritage assets	18	74 581	74 581
Other trade receivables from exchange transactions	10	3 299 867	3 546 449
Other trade receivables from non-exchange transactions	11	1 048 150	1 584 774
		1 507 013 671	**1 514 580 679**
Total Assets		**1 972 473 300**	**1 926 998 570**
Liabilities			
Current Liabilities			
Other financial liabilities	19	49 516 483	47 785 934
Payables from exchange transactions	20	613 934 903	484 263 515
Payables from non-exchange	21	42 163 953	43 270 613
Consumer deposits	22	7 526 411	6 532 704
Employee benefit obligation	23	2 637 000	3 473 000
Unspent conditional grants and receipts	24	1 456 871	11 254 024
		717 235 621	**596 579 790**
Non-Current Liabilities			
Employee benefit obligation	23	53 453 000	56 507 000
Provisions	25	67 848 074	54 333 860
		121 301 074	**110 840 860**
Total Liabilities		**838 536 695**	**707 420 650**
Net Assets		**1 133 936 605**	**1 219 577 920**
Accumulated surplus		1 133 936 605	1 219 577 920
Total Net Assets		**1 133 936 605**	**1 219 577 920**

* See Note 51

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	27	274 318 351	295 958 925
Rental of facilities and equipment	28	2 129 816	2 027 947
Interest received from exchange	29	35 582 419	29 143 871
Agency services	30	489 701	601 554
Other income	32	4 458 446	6 032 685
Interest received - Investment	48	471 503	492 380
Total revenue from exchange transactions		**317 450 236**	**334 257 362**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	33	140 699 377	138 298 651
Availability charges	34	40 723 022	38 779 930
Licences and Permits (Non-exchange)		1 512 959	1 377 326
Interest received from non-exchange	29	12 608 971	10 028 494
Transfer revenue			
Government grants & subsidies	35	87 220 050	64 627 650
Public contributions and donations	36	850 000	18 211 083
Fines, Penalties and Forfeits	37	733 451	765 144
Total revenue from non-exchange transactions		**284 347 830**	**272 088 278**
Total revenue	26	**601 798 066**	**606 345 640**
Expenditure			
Employee related costs	38	(200 429 159)	(186 861 125)
Remuneration of councillors	39	(6 098 646)	(5 741 114)
Depreciation and amortisation	40	(53 201 668)	(55 155 169)
Impairment of assets	41	(1 515 661)	(2 349 795)
Finance costs	42	(47 695 760)	(26 042 716)
Lease rentals on operating lease	43	(4 481 467)	(6 933 812)
Debt Impairment	44	(24 547 233)	(7 353 949)
Bad debts written off		(30 569 575)	(17 734 185)
Repairs & Maintenance		(18 463 765)	(6 849 702)
Bulk purchases	45	(144 867 742)	(149 968 357)
Water inventory consumed		(2 818 803)	(6 048 726)
Interest discount allowed	66	(4 932 996)	-
General Expenses	46	(136 339 848)	(116 280 174)
Total expenditure		**(675 962 323)**	**(587 318 824)**
Operating (deficit) surplus		**(74 164 257)**	**19 026 816**
Gain (loss) on disposal of assets and liabilities		11 535	(3 289 658)
Fair value adjustments	47	2 355 917	30 296 571
Actuarial gains/losses	23	11 864 751	2 343 566
Inventories losses/write-downs	56	(25 688 550)	(18 958 562)
		(11 456 347)	**10 391 917**
(Deficit) surplus for the year		**(85 620 604)**	**29 418 733**

* See Note 51

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 108 105 657	1 108 105 657
Adjustments		
Prior year adjustments	82 053 530	82 053 530
Balance at 01 July 2021 as restated*	**1 190 159 187**	**1 190 159 187**
Changes in net assets		
Surplus for the year	29 418 733	29 418 733
Total changes	29 418 733	29 418 733
Opening balance as previously reported	1 219 536 496	1 219 536 496
Adjustments		
Correction of errors	20 713	20 713
Restated* Balance at 01 July 2022 as restated*	**1 219 557 209**	**1 219 557 209**
Changes in net assets		
Surplus for the year	(85 620 604)	(85 620 604)
Correction of errors	-	-
Total changes	(85 620 604)	(85 620 604)
Balance at 30 June 2023	**1 133 936 605**	**1 133 936 605**

* See Note 51

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		374 444 170	414 700 032
Grants		77 422 897	55 310 198
Interest received		25 649 344	15 662 752
		477 516 412	485 672 982
Payments			
Employee costs		(203 332 822)	(204 058 373)
Suppliers		(209 870 206)	(246 933 174)
Finance costs		(36 306 202)	(18 844 306)
		(449 509 231)	(469 835 853)
Net cash flows from operating activities	60	**28 007 181**	**15 837 129**
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(34 277 238)	(26 226 807)
Proceeds from sale of property, plant and equipment	16	356 520	44 799
Purchase of other intangible assets	17	(149 153)	-
Net cash flows from investing activities		**(34 069 871)**	**(26 182 008)**
Net increase/(decrease) in cash and cash equivalents		**(6 062 690)**	**(10 344 879)**
Cash and cash equivalents at the beginning of the year		19 253 258	29 598 137
Cash and cash equivalents at the end of the year	14	**13 190 568**	**19 253 258**

* See Note 51

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
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	316 740 455	-	**316 740 455**	274 318 351	**(42 422 104)**	1
Rental of facilities and equipment	1 909 456	-	**1 909 456**	2 129 816	**220 360**	2
Interest received (trading)	40 000 000	-	**40 000 000**	35 582 419	**(4 417 581)**	3
Agency services	565 920	-	**565 920**	489 701	**(76 219)**	4
Other income - (rollup)	7 013 669	-	**7 013 669**	4 458 446	**(2 555 223)**	5
Interest received - investment	597 360	-	**597 360**	471 503	**(125 857)**	6
Total revenue from exchange transactions	**366 826 860**	**-**	**366 826 860**	**317 450 236**	**(49 376 624)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	162 126 413	-	**162 126 413**	140 699 377	**(21 427 036)**	7
Availability Charges	41 725 255	-	**41 725 255**	40 723 022	**(1 002 233)**	
Licences and Permits (Non-exchange)	1 732 344	-	**1 732 344**	1 512 959	**(219 385)**	8
Surcharges and Taxes	-	-	**-**	12 608 971	**12 608 971**	
Transfer revenue						
Government grants & subsidies	98 582 000	(7 734 931)	**90 847 069**	87 220 050	**(3 627 019)**	
Public contributions and donations	600 000	-	**600 000**	850 000	**250 000**	9
Fines, Penalties and Forfeits	589 631	-	**589 631**	733 451	**143 820**	10
Total revenue from non-exchange transactions	**305 355 643**	**(7 734 931)**	**297 620 712**	**284 347 830**	**(13 272 882)**	
Total revenue	**672 182 503**	**(7 734 931)**	**664 447 572**	**601 798 066**	**(62 649 506)**	
Expenditure						
Employee related costs	(212 361 191)	(21 782 738)	**(234 143 929)**	(200 429 159)	**33 714 770**	11
Remuneration of councillors	(6 097 620)	-	**(6 097 620)**	(6 098 646)	**(1 026)**	
Depreciation and amortisation	(51 586 729)	(931 927)	**(52 518 656)**	(53 201 668)	**(683 012)**	
Impairment loss/ Reversal of impairments	-	-	**-**	(1 515 661)	**(1 515 661)**	
Finance costs	(19 000 000)	(5 600 000)	**(24 600 000)**	(47 695 760)	**(23 095 760)**	12
Lease rentals on operating lease	-	-	**-**	(4 481 467)	**(4 481 467)**	13
Debt Impairment	-	-	**-**	(24 547 233)	**(24 547 233)**	
Bad debts written off	(11 632 800)	(21 700 000)	**(33 332 800)**	(30 569 575)	**2 763 225**	14
Repairs and maintenance	(53 418 000)	3 488 000	**(49 930 000)**	(18 463 765)	**31 466 235**	15
Bulk purchases	(151 669 000)	-	**(151 669 000)**	(144 867 742)	**6 801 258**	16
Water inventory consumed	-	-	**-**	(2 818 803)	**(2 818 803)**	
Transfers and Subsidies	(420 000)	-	**(420 000)**	(4 932 996)	**(4 512 996)**	
General Expenses	(139 779 000)	(6 077 000)	**(145 856 000)**	(136 339 848)	**9 516 152**	17
Total expenditure	**(645 964 340)**	**(52 603 665)**	**(698 568 005)**	**(675 962 323)**	**22 605 682**	
Operating deficit	**26 218 163**	**(60 338 596)**	**(34 120 433)**	**(74 164 257)**	**(40 043 824)**	

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
Gain on disposal of assets and liabilities	20 000 000	-	**20 000 000**	11 535	**(19 988 465)**	18
Fair value adjustments	-	-	**-**	2 355 917	**2 355 917**	
Actuarial gains/losses	-	-	**-**	11 864 751	**11 864 751**	
Inventories losses/write-downs	-	-	**-**	(25 688 550)	**(25 688 550)**	
	20 000 000	**-**	**20 000 000**	**(11 456 347)**	**(31 456 347)**	
Deficit before taxation	**46 218 163**	**(60 338 596)**	**(14 120 433)**	**(85 620 604)**	**(71 500 171)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**46 218 163**	**(60 338 596)**	**(14 120 433)**	**(85 620 604)**	**(71 500 171)**	
Reconciliation						
Transfers and subsidies - Capital	-	-	**-**	-	**-**	

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
Statement of Financial Position						
Assets						
Current Assets						
Inventories	(6 164 000)	5 624 000	**(540 000)**	783 789	**1 323 789**	19
Other trade receivables from exchange transactions	78 203 000	2 182 562 000	**12 260 765 000**	4 127 039	**(12 256 637 961)**	20
Statutory receivables from non-exchange transactions	-	-	**-**	102 679 144	**102 679 144**	21
VAT receivable	-	-	**-**	56 921 319	**56 921 319**	22
Consumer debtors	248 307 000	97 973 000	**346 280 000**	285 342 549	**(60 937 451)**	23
Other trade receivables from non-exchange transactions	-	-	**-**	2 415 221	**2 415 221**	
Cash and cash equivalents	(846 000)	(32 747 000)	**(33 593 000)**	13 190 568	**46 783 568**	
	319 500 000	**2 253 412 000**	**12 572 912 000**	**465 459 629**	**(12 107 452 371)**	
Non-Current Assets						
Investment property	308 825 000	35 130 000	**343 955 000**	346 311 284	**2 356 284**	
Property, plant and equipment	1 172 283 000	(47 951 000)	**1 124 332 000**	1 156 053 736	**31 721 736**	
Intangible assets	(243 000)	467 000	**224 000**	226 053	**2 053**	24
Heritage assets	75 000	-	**75 000**	74 581	**(419)**	
Long-term receivables	15 000	(13 000)	**2 000**	-	**(2 000)**	25
Other trade receivables from exchange transactions	-	-	**-**	3 299 867	**3 299 867**	
Other trade receivables from non-exchange transactions	-	-	**-**	1 048 150	**1 048 150**	
	1 480 955 000	**(12 367 000)**	**1 468 588 000**	**1 507 013 671**	**38 425 671**	
Total Assets	**1 800 455 000**	**2 241 045 000**	**4 041 500 000**	**1 972 473 300**	**2 069 026 700)**	
Liabilities						
Current Liabilities						
Other financial liabilities	(20 646 000)	(16 128 000)	**(36 774 000)**	49 516 483	**86 290 483**	26
Payables from exchange transactions	(459 482 000)	2 238 514 000)	**2 697 996 000)**	613 934 906	**3 311 930 906**	27
Taxes and transfers payable (non-exchange)	-	-	**-**	42 163 953	**42 163 953**	28
Consumer deposits	(8 189 000)	(98 000)	**(8 287 000)**	7 526 411	**15 813 411**	29
Employee benefit obligation	-	-	**-**	2 637 000	**2 637 000**	30
Unspent conditional grants and receipts	-	-	**-**	1 456 871	**1 456 871**	31
Provisions	7 792 000	7 633 000	**15 425 000**	-	**(15 425 000)**	32
	(480 525 000)	**2 247 107 000)**	**2 727 632 000)**	**717 235 624**	**3 444 867 624**	
Non-Current Liabilities						
Other financial liabilities	7 819 000	(3 910 000)	**3 909 000**	-	**(3 909 000)**	33
Employee benefit obligation	-	-	**-**	53 453 000	**53 453 000**	34
Provisions	(153 342 000)	(5 468 000)	**(158 810 000)**	67 848 074	**226 658 074**	35
	(145 523 000)	**(9 378 000)**	**(154 901 000)**	**121 301 074**	**276 202 074**	
Total Liabilities	**(626 048 000)**	**2 256 485 000)**	**2 882 533 000)**	**838 536 698**	**3 721 069 698**	

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
Net Assets	**2 426 503 000**	**(4 497 530 000)**	**(6 924 033 000)**	**1 133 936 602**	**(5 790 096 398)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 221 679 000	(75 780 000)	**1 145 899 000**	1 133 936 608	**(11 962 392)**	

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

According to GRAP 24, an explanation is required for material variances. The Gamagara Local Municipality used a 10% variances as material.

1] The revenue for service charges is in the main adversely affected by the distribution losses, which come as a result of the following reasons amongst others tempering of meters and faulty meters.

2] Rental of facilities and equipment is dependent on demand of consumers therefore the demand for rentals during the financial year was higher than anticipated.

3] Interest received - trading: there was an improvement on the collection efforts by the municipality which resulted in a decrease in interest charge and outstanding accounts.

4] Lincensing and testing stations were not operational for the major part of the beginning of the financial year and are now operational.

5] The process for sale of land as budgeted was not concluded in the year under review.

6] The municipality has been cash tight and cash reserves were lower than expected.

7] There was and increase in indigent registration and there were decreases in the supplementary valuation rolls.

8] Lincencing and testing stations were not operational for the major part of the beginning of the financial year and are now operational

9] The actual value of the donation was higher than budgeted.

10] The court fines issued and the nature thereof were lower than budgeted.

11] Not all budgeted vacancies were filled.

12] The finance cost incurred for the Eskom debt were higher than anticipated.

13] Due to the misalignment between GRAP and mSCOA chart, the actuals for car rentals was split between lease rentals and car hire, however the total budget posted against hire are under general expenditure.

14] There was a campaign for interest write off incentive on debt settlement.

15] The repairs and maintenace work undertaken was lower than expected.

16] Bulk purchases budget included the water inventory consumed whereas on the statement of financial performance it is split into bulk purchases and water inventory consumed.

17] Cost containment measures were put in place .

18] The process for sale of land as budgeted was not concluded in the year under review.

19] The balance sheet budget on the system is automated, however the balance as per the system resulted in a negative opening balance which resulted in a higher than expected variance.

20] The Treasury template for budgeting does not make provision for operating lease assets, therefore no provision was made for it in the budget.

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

21] The Treasury template for budgeting does not make a split between exchange & non-exchange trade receivables, but rather for receivables from other debtors which have been used for receivables from non-exchange transactions.

22] No provision made for VAT receivables on the budget template, therefore the budget was omitted. General input VAT has increased compared to the prior year which contributed to the municipality recognising a VAT receivable at the end of the financial year.

23] The municipality expected to have a higher debtors' balance, however due to the increase impairment for the current year on all services, there was a considerable decrease in the debtors' balance as at year end.

24] There were licences and website development cost that were incurred which were not budgeted for sufficiently.

25] The municipality did not have any long-term receivables at the end of the financial year.

26] Due to the fact that DBSA obligation payments are not adhered to, the interest on the outstanding balance has increased more than anticipated.

27] Due to the reconciliation that needs to be done on the opening balance of VAT receivable and VAT payable, the high budget is automated in the system as the budget tool takes into account the opening balance plus or minus the projected movements as per the performance statement

28] No provision made on the budget template for taxes and transfers payable, therefore the item was not budgeted for.

29] The increase in consumer deposits was lower than expected.

30] The treasury budget template does not make provision for separate disclosure of employee benefits, therefore provisions and employee benefits are budgeted as one amount.

31] The municipality did not budget to have any unspent conditional grant, however due delays on projects there was a balance on conditional grants received.

32] The increase on the provision for landfill site rehabillatation was higher than expected due to factors set out in the Landfill site closure report and the fact that both the current and non-current portion was captured against current liabilities.

33] The non-current portion of the loan has been cleared as the loan was due to be settled by 30 June 2021.

34] The treasury budget template does not make provision for separate disclosure of employee benefits, therefore provisions and employee benefits are budgeted as one amount.

35] Provisions are split between current and non-current portion of provision on the budget, however as per the AFS the total provision was recognised on current provision.

Accounting Policies

Figures in Rand	Note(s)	2023	2022

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 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.

1.3 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:

Trade receivables, loans and receivables

The municipality assesses its trade receivables, loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgement 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, loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down 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 operation surplus note.

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. These calculations require the use of estimates and assumptions. It is reasonably possible that the condition aassessment assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 25 - Provisions.

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 23.

1.4 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 cost. 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.

Accounting Policies

1.4 Investment property (continued)

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 entity 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 entity 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.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 15).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 16).

1.5 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.

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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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:

Item	Depreciation method	Average useful life
Buildings		
• Improvements	Straight-line	5-100 years
Electrical Infrastructure		
• Electricity	Straight-line	3-55 years
• Landfill asset	Straight-line	10-20 years
• Roads & Paving	Straight-line	3-100 years
• Sanitation	Straight-line	7-55 years
• Sewerage	Straight-line	7-100 years
• Water	Straight-line	5-100 years
Community		
• Community facilities	Straight-line	5-60 years
• Recreational facilities	Straight-line	10-60 years
Other property, plant and equipment		
• Bins & containers	Straight-line	5-15 years
• Computer equipment	Straight-line	3-10 years
• Emergency equipment	Straight-line	3-10 years
• Furniture & fittings	Straight-line	3-15 years
• Motor vehicles	Straight-line	4-15 years
• Office equipment	Straight-line	3-15 years
• Plant and equipment	Straight-line	2-15 years
• Specialised vehicles	Straight-line	10-20 years
• Other assets	Straight-line	25-30 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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 16).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 16).

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-5 years

Accounting Policies

1.7 Heritage assets

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.

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.

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.

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).

1.8 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.

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.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Accounting Policies

1.8 Financial instruments (continued)

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.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

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
Trade receivables	Financial asset measured at amortised cost
Cash and cash equivalents	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
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Employee benefit obligation	Financial liability measured at amortised cost

Accounting Policies

1.8 Financial instruments (continued)

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.

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, an 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.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

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.

Accounting Policies

1.8 Financial instruments (continued)

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.

Accounting Policies

1.8 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 recognise 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 recognise 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.

1.8 Financial instruments (continued)

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).

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.

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.

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.

1.9 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

Accounting Policies

1.9 Statutory receivables (continued)

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.

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.

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.

1.10 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 interest rate implicit in the lease.

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.

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.

Accounting Policies

1.10 Leases (continued)

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.

1.11 Inventories

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.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- 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 comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) 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.

1.12 Impairment of 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.

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used 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.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable 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.

1.13 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Accounting Policies

1.13 Employee benefits (continued)

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.14 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.

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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

Accounting Policies

1.14 Provisions and contingencies (continued)

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 58.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 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.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines 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.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue 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.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.17 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.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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.

1.19 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.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), 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. 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 accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Accounting Policies

1.20 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 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. 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.

If 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. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.22 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

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

Accounting Policies

1.22 Budget information (continued)

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.23 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, executive mayor, mayoral committee members, municipal manager, executive directors and all other managers reporting directly to the municipal manager or as designated by the municipal manager.

1.24 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.

There were no events that occurred between the reporting date and the date when the financial statements were authorised for issue.

1.25 Principal-agent arrangement

A principal-agent relationship is an arrangement where one person, the principal, relies on another person, the agent, to act on the principal's behalf.

The municipality as the agent acting on behalf of the principal recognises revenue based on the net amount retained (the amount billed to a customer less the amount paid to the supplier).

An entity that is the agent in a principal-agent arrangement shall disclose the following in the notes to the financial statements:

a description of any resources (including the carrying value and description of any assets recognised) that are held on behalf of a principal, but recognised in the agent’s own financial statements. Such disclosure shall include:

the remittance of any resources during the period, as well as the expected timing of remittance of any remaining resources to the principal; and

risks that are transferred from the principal to the agent (if any), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of a principal;

the aggregate amount of revenue that the entity recognises as compensation for the transactions carried out on behalf of the principal; and

a description of any liabilities incurred on behalf of a principal that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets

Accounting Policies

1.26 Contingent Liabilities - Accounting Policy

The municipality's policy is not to recognise contingent liabilities in the annual financial statements, but to disclose them in the notes. A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or A present obligation that arises from past events but is not recognised because; 1) It is not probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation, or 2) The amount of the obligation can not be measured with sufficient reliability.

The municipality acknowledges that contingent liabilities can have a significant financial and economic impact to the municipality – by conferring certain rights or obligations that may be expected in the future. If the impact is not known, this could allow for financial difficulties for the municipality. Therefore ways are sought as much as possible to put measures in place to limit the impact of contingent liabilities – should these materialise.

In estimating the probable financial implications of contingent liabilities, where applicable the following is taken into account;
1. Maximum potential loss - This method values contingent liabilities at full face value.
2. Expected loss - This method tries to estimate the probability that the contingency will occur – and can be used when reliable data is available.
3. Use of market information if available
4. Opinion of experts such as legal practitioners

Figures in Rand		2023	2022

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:

3. Inventories

Consumable stores	173 717	518 783
Water	132 228	130 966
Fuel (Diesel, Petrol)	477 844	309 799
	783 789	**959 548**
Inventories recognised as an expense during the year	5 900 306	7 987 156

The cost of water production for the year amounted to R5.84 per kilolitre (2022: R6.07 per kilolitre). Raw water purchased from Sishen Iron Ore amounts to R0.06 per kilolitre.

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

4. Operating lease asset (accrual)

Current assets	-	2 336

5. Other trade receivables from exchange transactions

Creditors with debit balances	-	115 063
Arrangements	4 127 039	3 831 229
	4 127 039	**3 946 292**

Arrangements

Less than 1 year	4 127 039	3 831 229

6. Statutory receivables from non-exchange transactions

Other receivables from non-exchange revenue		1 014 676	706 976
Consumer debtors - Rates	7	101 664 468	101 286 188
		102 679 144	**101 993 164**

7. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates	127 832 600	122 227 941

Less: Allowance for impairment

Consumer debtors - Rates	(26 168 132)	(20 941 753)

Net balance

Consumer debtors - Rates	101 664 468	101 286 188

Figures in Rand	2023	2022

7. Consumer debtors disclosure (continued)

Statutory receivables included in consumer debtors above are as follows:		
Consumer debtors - Rates	101 664 468	101 286 188
Financial asset receivables included in consumer debtors above	**-**	**-**
Total consumer debtors	101 664 468	101 286 188
Property rates		
Current (0 -30 days)	21 406 771	(293 312)
31 - 60 days	2 821 980	11 300 031
61 - 90 days	2 312 627	4 341 299
91 - 120 days	2 759 422	3 605 249
121 - 365 days	17 291 235	22 362 534
> 365 days	55 072 433	59 970 387
	101 664 468	**101 286 188**
Summary of debtors by customer classification		
Consumers and Other		
Current (0 -30 days)	10 246 767	(102 305)
31 - 60 days	2 368 683	5 934 081
61 - 90 days	1 899 434	3 101 903
91 - 120 days	2 128 023	2 539 896
121 - 365 days	13 633 106	15 700 131
> 365 days	42 318 804	41 384 654
	72 594 818	68 558 360
Less: Allowance for impairment	(16 227 464)	(12 320 561)
	56 367 354	**56 237 799**
Industrial/ commercial		
Current (0 -30 days)	10 522 176	(191 007)
31 - 60 days	1 049 623	7 511 981
61 - 90 days	880 751	1 914 785
91 - 120 days	1 157 797	1 590 688
121 - 365 days	6 501 254	9 539 847
> 365 days	28 603 925	27 700 456
	48 715 524	48 066 750
Less: Allowance for impairment	(9 940 667)	(8 641 991)
	38 774 858	**39 424 759**
National and provincial government		
Current (0 -30 days)	637 828	-
31 - 60 days	323 785	183 082
61 - 90 days	286 477	219 420
91 - 120 days	373 316	217 764
121 - 365 days	2 794 706	1 688 405
> 365 days	2 106 146	3 294 163
	6 522 258	**5 602 834**

Figures in Rand	2023	2022

7. Consumer debtors disclosure (continued)

Total		
Current (0 -30 days)	21 406 771	(293 312)
31 - 60 days	3 742 091	13 629 144
61 - 90 days	3 066 662	5 236 108
91 - 120 days	3 659 136	4 348 348
121 - 365 days	22 929 066	26 928 382
> 365 days	73 028 875	72 379 272
	127 832 600	122 227 942
Less: Allowance for impairment	(26 168 131)	(20 941 754)
	101 664 469	**101 286 188**
Less: Allowance for impairment		
31 - 60 days	889 690	2 407 919
61 - 90 days	723 605	898 388
91 - 120 days	855 208	739 704
121 - 365 days	5 240 414	4 519 971
> 365 days	18 459 214	12 375 772
	26 168 131	**20 941 754**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(20 941 754)	(22 419 425)
Contributions to allowance	(5 196 377)	1 477 671
	(26 138 131)	**(20 941 754)**

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exhange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

8. Statutory receivables from exchange transactions

Vat receivable	56 921 319	31 034 819

9. Receivables from exchange transactions

Gross balances		
Electricity	136 277 228	97 187 863
Water	80 171 946	86 085 585
Waste water	54 228 635	39 788 155
Refuse	79 622 499	75 782 185
Other (specify)	6 361 033	5 834 283
	356 661 341	**304 678 071**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

9. Receivables from exchange transactions (continued)

Less: Allowance for impairment		
Electricity	(23 201 405)	(16 632 226)
Water	(17 084 528)	(14 671 128)
Waste water	(11 471 183)	(6 744 824)
Refuse	(18 058 634)	(12 939 575)
Other (specify)	(1 503 042)	(997 171)
	(71 318 792)	**(51 984 924)**
Net balance		
Electricity	113 075 823	80 555 637
Water	63 087 418	71 414 457
Waste water	42 757 452	33 043 331
Refuse	61 563 865	62 842 610
Other (specify)	4 857 991	4 837 112
	285 342 549	**252 693 147**
Electricity		
Current (0 -30 days)	41 917 082	(138 022)
31 - 60 days	9 023 294	32 110 530
61 - 90 days	19 188 648	4 151 189
91 - 120 days	1 214 340	3 018 499
121 - 365 days	12 735 246	15 694 422
> 365 days	28 997 214	25 719 019
	113 075 823	**80 555 637**
Water		
Current (0 -30 days)	10 689 146	235 348
31 - 60 days	2 259 501	15 351 475
61 - 90 days	1 047 868	1 934 044
91 - 120 days	1 098 960	1 512 447
121 - 365 days	8 344 273	10 823 583
> 365 days	39 647 670	41 557 560
	63 087 418	**71 414 457**
Waste water		
Current (0 -30 days)	7 575 317	320 363
31 - 60 days	1 429 545	3 370 138
61 - 90 days	1 228 086	1 961 370
91 - 120 days	1 556 779	1 826 291
121 - 365 days	11 082 959	13 372 318
> 365 days	19 884 766	12 192 851
	42 757 452	**33 043 331**
Refuse		
Current (0 -30 days)	6 178 005	64 384
31 - 60 days	1 188 130	2 844 443
61 - 90 days	1 056 646	1 665 605
91 - 120 days	1 248 089	1 542 321
121 - 365 days	8 283 181	10 129 958
> 365 days	43 609 814	46 595 899
	61 563 865	**62 842 610**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

9. Receivables from exchange transactions (continued)

Other (specify)		
Current (0 -30 days)	248 158	(809)
31 - 60 days	79 455	248 035
61 - 90 days	60 832	331 083
91 - 120 days	71 007	189 026
121 - 365 days	670 871	818 444
> 365 days	3 727 669	3 251 333
	4 857 991	**4 837 112**

Figures in Rand	2023	2022

9. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers and Other		
Current (0 -30 days)	19 321 130	537 244
31 - 60 days	4 286 424	12 325 246
61 - 90 days	3 688 248	6 075 187
91 - 120 days	4 303 634	5 715 811
121 - 365 days	35 994 830	38 245 378
.	151 222 604	142 494 187
	218 816 870	205 393 053
Less: Allowance for impairment	(49 928 471)	(35 723 241)
	168 888 399	**169 669 812**
Industrial/ commercial		
Current (0 -30 days)	46 900 804	(59 281)
31 - 60 days	14 068 954	52 381 808
61 - 90 days	26 103 940	5 495 516
91 - 120 days	2 351 434	3 696 999
121 - 365 days	16 843 462	21 010 656
> 365 days	26 150 941	10 666 085
	132 419 535	93 191 783
Less: Allowance for impairment	(21 390 321)	(16 261 601)
	111 029 214	**76 930 182**
National and provincial government		
Current (0 -30 days)	385 774	3 321
31 - 60 days	182 720	332 276
61 - 90 days	152 811	542 668
91 - 120 days	226 044	343 304
121 - 365 days	1 684 338	2 061 349
> 365 days	2 844 154	2 810 324
	5 475 841	**6 093 242**
Total		
Current (0 -30 days)	66 607 707	481 265
31 - 60 days	18 538 098	65 039 330
61 - 90 days	29 944 998	12 113 371
91 - 120 days	6 881 112	9 756 113
121 - 365 days	54 522 630	61 317 383
> 365 days	180 166 796	155 970 608
	356 661 342	304 678 070
Less: Allowance for impairment	(71 318 792)	(51 984 842)
	285 342 551	**252 693 228**

Figures in Rand	2023	2022

9. Receivables from exchange transactions (continued)

Less: Allowance for impairment		
31 - 60 days	(4 593 862)	(11 283 378)
61 - 90 days	(7 456 191)	(2 017 759)
91 - 120 days	(1 665 586)	(1 641 454)
121 - 365 days	(13 224 017)	(10 333 373)
> 365 days	(44 379 135)	(26 708 960)
	(71 318 792)	**(51 984 924)**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(51 984 924)	(43 153 305)
Contributions to allowance	(19 333 868)	(8 831 619)
	(71 318 792)	**(51 984 924)**

Statutory receivables general information

10. Other trade receivables from exchange transactions

Arrangements		
Between 1 year and 2 years	1 442 640	2 804 093
Between 2 year and 5 years	1 857 941	742 356
Over 5 years	(714)	-
	3 299 867	**3 546 449**

11. Other trade receivables from non-exchange transactions

Arrangements		
Between 1 year and 2 years	858 190	1 448 857
Between 2 year and 5 years	190 120	135 917
Over 5 years	(161)	-
	1 048 150	**1 584 774**

12. Other trade receivables from non-exchange transactions

Arrangements		
Less than 1 year	2 415 221	2 535 327

13. Interest receivable

Interest receivable - Non-exchange transactions	27 641 920	25 795 015
Interest receivable - Exchange transactions	75 853 032	54 686 388
	103 494 952	**80 481 403**

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	12 915 912	16 488 369
Short-term deposits	274 656	2 764 889
	13 190 568	**19 253 258**

Notes to the Annual Financial Statements

14. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
First National Bank Primary Account - Cheque - 536-6800-6069	12 534 916	16 120 249	18 038 063	12 534 916	16 512 685	18 396 363
First National Bank - Call Account - 613-6600-1025	63 088	2 563 436	5 063 760	63 088	2 563 436	5 063 760
First National Bank - Call Account - 620-1304-5861	2 209	2 209	2 209	2 209	2 209	2 209
First National Bank - Call Account - 623-8067-5193	74 979	71 256	69 695	74 979	71 256	69 695
First National Bank - Call Account - 623-3404-0748	54 633	52 861	52 567	54 633	52 861	52 567
First National Bank - Fixed Deposit - 710-2095-0327	79 746	75 126	72 063	79 746	75 126	72 063
Standard Bank - Current - 230-0456-8500	380 996	(24 316)	5 941 479	380 996	(24 316)	5 941 479
Total	**13 190 567**	**18 860 821**	**29 239 836**	**13 190 567**	**19 253 257**	**29 598 136**

Notes to the Annual Financial Statements

15. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	346 311 284	-	346 311 284	343 955 367	-	343 955 367

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	343 955 367	2 355 917	346 311 284

Reconciliation of investment property - 2022

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	314 786 745	(1 127 949)	30 296 571	343 955 367

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.

Maintenance of investment property

The municipality did not undertake any maintenance work to investment property.

Notes to the Annual Financial Statements

16. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	94 970 988	-	94 970 988	94 970 988	-	94 970 988
Buildings	115 119 739	(57 605 328)	57 514 411	115 134 473	(54 035 197)	61 099 276
Plant and machinery	2 141 125	(1 618 322)	522 803	2 108 483	(1 392 094)	716 389
Furniture and fixtures	10 315 549	(8 878 359)	1 437 190	9 930 157	(8 322 222)	1 607 935
Motor vehicles	29 221 418	(14 495 015)	14 726 403	29 113 534	(12 179 794)	16 933 740
IT equipment	6 770 607	(3 419 267)	3 351 340	5 652 422	(2 564 411)	3 088 011
Electrical Infrastructure	355 644 304	(155 859 057)	199 785 247	344 710 425	(148 542 512)	196 167 913
Community	159 515 833	(64 151 805)	95 364 028	158 770 466	(59 417 163)	99 353 303
Roads infrastructure	561 835 730	(325 286 777)	236 548 953	557 034 875	(315 099 443)	241 935 432
Sanitation infrastructure	430 160 577	(219 316 273)	210 844 304	419 523 065	(209 016 898)	210 506 167
Water supply infrastructure	474 314 738	(268 870 706)	205 444 032	468 456 830	(258 116 056)	210 340 774
Solid waste infrastructure	90 562 057	(55 018 020)	35 544 037	79 915 856	(51 647 271)	28 268 585
Total	**2 330 572 665**	**(1 174 518 929)**	**1 156 053 736**	**2 285 321 574**	**(1 120 333 061)**	**1 164 988 513**

Notes to the Annual Financial Statements

16. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

Description	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor Vehicles	IT Equipment	Electrical Infrastructure	Community	Roads Infrastructure	Sanitation Infrastructure	Water Supply Infrastructure	Solid Waste Infrastructure	Total
Carrying values at - 30 June 2022	**94 970 988**	**61 099 275**	**716 390**	**1 607 936**	**16 933 740**	**3 088 012**	**196 167 912**	**99 353 304**	**241 935 432**	**210 506 174**	**210 340 778**	**28 268 585**	**1 164 988 519**
Cost	**94 970 988**	**115 134 472**	**2 108 483**	**9 930 157**	**29 113 534**	**5 652 422**	**344 710 425**	**158 770 466**	**557 034 875**	**419 523 065**	**468 456 830**	**79 915 856**	**2 285 321 573**
- Completed assets	94 970 988	104 668 320	2 108 483	9 930 157	29 113 534	5 652 422	291 430 919	158 165 973	555 586 353	400 119 873	441 626 138	79 680 570	2 173 053 731
-Under Construction	-	10 466 152	-	-	-	-	53 279 506	604 493	1 448 522	19 403 192	26 830 692	235 286	112 267 842
Accumulated impairment losses	-	(1 427 446)	(296)	(41 300)	(628 974)	(24 574)	(617 288)	(504 660)	(5 055 719)	(175 715)	(302 016)	-	(8 777 987)
Accumulated depreciation	-	(52 607 751)	(1 391 799)	(8 280 923)	(11 550 820)	(2 539 837)	(147 925 225)	(58 912 503)	(310 043 724)	(208 841 177)	(257 814 037)	(51 647 271)	(1 111 555 067)
Acquisitions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Cost	-	-	32 642	385 392	107 884	1 118 185	-	850 000	313 137	75 599	486 542	-	3 369 381
- Under construction	-	-	-	-	-	-	10 974 993	-	4 573 184	10 664 982	5 544 703	-	31 757 862
Depreciation and impairment													
- Depreciation	-	(3 490 325)	(222 231)	(549 782)	(2 315 221)	(854 856)	(7 262 208)	(4 819 968)	(10 187 492)	(9 302 768)	(10 715 131)	(3 370 749)	(53 090 730)
- Impairment loss	-	(89 136)	(3 997)	(6 355)	-	-	(87 940)	(18 839)	(66 298)	(1 066 582)	(176 513)	-	(1 515 661)
Disposal/Impairment													
- Cost	-	(14 734)	-	-	-	-	(41 113)	(104 633)	(85 466)	(103 069)	(173 336)	-	(522 351)
- Accumulated depreciation	-	9 330	-	-	-	-	33 602	104 166	64 201	42 667	123 955	-	377 921
- Accumulated impairment	-	-	-	-	-	-	-	-	2 256	27 309	13 038	-	42 603
Capital under construction - Completed													
Change in discount factor													
Change in obligation	-	-	-	-	-	-	-	-	-	-	-	10 646 201	10 646 201
Carrying values at 30 June 2023	**94 970 988**	**57 514 410**	**522 803**	**1 437 190**	**14 726 403**	**3 351 342**	**199 785 247**	**95 364 029**	**236 548 954**	**210 844 310**	**205 444 036**	**35 544 037**	**1 156 053 749**
Cost	**94 970 988**	**115 119 738**	**2 141 125**	**10 315 549**	**29 221 418**	**6 770 608**	**355 644 305**	**159 515 833**	**561 835 730**	**430 160 577**	**474 314 739**	**90 562 057**	**2 330 572 667**
- Completed assets	94 970 988	104 653 586	2 141 125	10 315 549	29 221 418	6 770 608	291 389 806	158 911 340	555 814 024	400 092 403	441 939 344	90 326 771	2 186 546 962
- Under construction	-	10 466 152	-	-	-	-	64 254 499	604 493	6 021 706	30 068 174	32 375 395	235 286	144 025 705
Accumulated impairment losses	-	(1 516 582)	(4 292)	(47 654)	(628 974)	(24 574)	(705 228)	(523 499)	(5 119 761)	(1 214 988)	(465 491)	-	(10 251 043)
Accumulated depreciation	-	(56 088 746)	(1 614 030)	(8 830 705)	(13 866 041)	(3 394 692)	(155 153 830)	(63 628 305)	(320 167 015)	(218 101 279)	(268 405 212)	(55 018 020)	(1 164 267 875)

16. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

Description	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor Vehicles	IT Equipment	Electrical Infrastructure	Community	Roads Infrastructure	Sanitation Infrastructure	Water Supply Infrastructure	Solid Waste Infrastructure	Total
Carrying values at - 30 June 2021	**96 347 988**	**64 688 868**	**1 556 721**	**2 025 751**	**13 551 272**	**828 434**	**193 395 595**	**103 736 921**	**240 295 609**	**218 760 392**	**213 344 609**	**43 728 543**	**1 192 260 703**
Cost	**96 347 988**	**115 135 525**	**3 702 068**	**10 083 779**	**23 581 342**	**3 356 504**	**334 611 327**	**159 423 716**	**544 074 578**	**418 403 167**	**459 430 361**	**90 488 161**	**2 258 638 516**
- Completed assets	96 347 988	104 669 373	3 702 068	10 083 779	23 581 342	3 356 504	291 549 132	158 819 223	540 395 308	400 129 858	423 768 721	90 252 875	2 146 656 171
-Under Construction	-	10 466 152	-	-	-	-	43 062 195	604 493	3 679 270	18 273 309	35 661 640	235 286	111 982 345
Accumulated impairment losses	-	(1 380 599)	(174)	(41 587)	(628 974)	(24 574)	(535 941)	(415 472)	(2 957 581)	(173 243)	(274 641)	-	(6 432 786)
Accumulated depreciation	-	(49 066 058)	(2 145 173)	(8 016 441)	(9 401 096)	(2 503 496)	(140 679 791)	(55 271 323)	(300 821 388)	(199 469 532)	(245 811 111)	(46 759 618)	(1 059 945 027)
Acquisitions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Cost	-	-	272 834	185 454	4 666 692	2 650 194	-	563 206	16 425 163	-	17 859 058	-	42 622 601
- Under construction	-	-	-	-	-	-	10 217 311	-	13 694 320	1 129 883	9 052 433	-	34 093 947
Depreciation and impairment													
- Depreciation	-	(3 542 267)	(365 913)	(556 736)	(1 902 946)	(322 649)	(7 276 149)	(4 855 861)	(9 960 378)	(9 376 566)	(12 004 415)	(4 887 653)	(55 051 533)
- Impairment loss	-	(46 847)	-	-	-	-	(84 030)	(89 187)	(2 099 882)	(2 471)	(27 375)	-	(2 349 792)
Disposal/Impairment													
- Cost	(1 377 000)	(1 053)	(1 003 619)	(336 021)	-	(354 276)	(118 213)	(1 216 456)	(1 234 118)	(9 985)	(1 641)	-	(5 652 382)
- Accumulated depreciation	-	573	875 035	289 533	-	286 308	30 715	1 214 681	738 038	4 913	1 485	-	3 441 281
- Accumulated impairment	-	-	-	166	-	-	2 683	-	1 744	-	-	-	4 593
Capital under construction - Completed													
Transfers	-	-	-	-	-	-	-	-	(15 925 068)	-	(17 883 381)	-	(33 808 449)
Change in discount factor													
Change in obligation	-	-	-	-	-	-	-	-	-	-	-	(10 572 305)	(10 572 305)
Carrying values at 30 June 2022	**94 970 988**	**61 099 274**	**1 335 058**	**1 608 147**	**16 315 018**	**3 088 011**	**196 167 912**	**99 353 304**	**241 935 428**	**210 506 166**	**210 340 773**	**28 268 585**	**1 164 988 664**
Cost	**94 970 988**	**115 134 472**	**2 971 283**	**9 933 212**	**28 248 034**	**5 652 422**	**344 710 425**	**158 770 466**	**557 034 875**	**419 523 065**	**468 456 830**	**79 915 856**	**2 285 321 928**
- Completed assets	94 970 988	104 668 320	2 971 283	9 933 212	28 248 034	5 652 422	291 430 919	158 165 973	555 586 353	400 119 873	441 626 138	79 680 570	2 173 054 085
- Under construction	-	10 466 152	-	-	-	-	53 279 506	604 493	1 448 522	19 403 192	26 830 692	235 286	112 267 843
Accumulated impairment losses	-	(1 427 446)	(174)	(41 421)	(628 974)	(24 574)	(617 288)	(504 659)	(5 055 719)	(175 714)	(302 016)	-	(8 777 985)
Accumulated depreciation	-	(52 607 752)	(1 636 051)	(8 283 644)	(11 304 042)	(2 539 837)	(147 925 225)	(58 912 503)	(310 043 728)	(208 841 185)	(257 814 041)	(51 647 271)	(1 111 555 279)

Pledged as security

The municipality did not pledge any of its assets as security.

Figures in Rand	2023	2022

16. Property, plant and equipment (continued)

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

Projects were identified where construction or development has been halted either during the current or previous reporting period(s). These projects relate to internal funded projects and was halted due to financial constraints. These projects were all` considered for impairment and it was concluded that assets are not impaired at this point in time and the projects will be continued when funds are available as most of these projects only incurred professional fees on the planning phase.

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
Upgrading of municipal offices in Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	501 376	501 376
Upgrading of internal roads in Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	744 554	744 554
Kathu 1600 Mixed Typology Development Project taken over by COGHSTA, poor performance by contractor.	9 680 492	9 680 492
Sesheng Engineering Civil Services Project haulted, COGHSTA and HDA to implement the project, Contract terminated. The matter is still in Court. Letigation against HDA.	13 035 088	13 035 088
Electrical transmission Master Plan only, no contractor appointed.	112 195	-
Construction of Dibeng Landfill site Control Room and Fencing Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	87 719	-
Construction of Control Room at Olifantshoek Landfill Site Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future	40 743	40 743
Construction of Control Room and Fencing at Kathu Transfer Station. Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future	106 823	106 823
Upgrading Bulk Electricity Supply - OFH The project to be implemented by Eskom, INEP funded project. Project haulted due to no consesus between the municipality and Eskom on service account. Discussion still undeway, project will still be implemented.	3 551 930	-
Upgrading of 1km of Hans Coetzee road in Kathu The project was completed by the Khumani Mine.	-	1 082 430
Kathu West 18ml reservoir and 3ml tower Halted due to lack of funding, only feasibility paid. Project to be implement when funds become available. Report received.	2 389 000	2 389 000
Construction of 7ml reservoir and 1.7 elevated tower at Sesheng Halted due to lack of funding, only feasibility paid. Project to be implemented when funds become available. IRS report in progress.	658 484	658 484
Parks Landscaping of isles & traffic No budget, project to be implemented once funds becomes available. Internally fund project	58 840	-

Figures in Rand	2023	2022

16. Property, plant and equipment (continued)

Upgrading of electrical switchgear in Industrial substation The project will still be implemented, internall funded project. Only professional fee paid. No Contractor was appointed.	322 150	322 150
Dibeng Cemetries EPWP Project No budget, project to be implemented once funds becomes available. Internally fund project	44 573	-
Development of Khai appel boreholes Phase 1 Phase 1A Completed by khumani Mine and transferred to the Asset register last financial year. Municipality paid professional fees only and will continue with the remainder once funds become available.	967 976	-
Electrification Kathu No budget, project to be implemented once funds becomes available. Internally fund project	1 141 839	-
Construction of control room at Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	69 369	69 369
Construction of ablution facility & fencing Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	214 915	214 915
Refurbishing of existing 3ML Reservoir, fencing, replace AC bulk pipes, OFH In progress, The contractor to test the pipeline.	10 729 375	-
Upgrade of Parks Kathu_ Fencing No budget, project to be implemented once funds becomes available. Internally fund project	501 080	-
	44 958 521	**28 845 424**

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Buildings	Included within Landfill assets	Total
Opening balance	100 961 913	604 493	10 466 152	235 286	112 267 844
Additions/capital expenditure	31 757 862	-	-	-	31 757 862
	132 719 775	**604 493**	**10 466 152**	**235 286**	**144 025 706**

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Buildings	Included within Landfill assets	Total
Opening balance	100 676 415	604 493	10 466 152	235 286	111 982 346
Additions/capital expenditure	34 093 947	-	-	-	34 093 947
Transferred to completed items	(33 808 449)	-	-	-	(33 808 449)
	100 961 913	**604 493**	**10 466 152**	**235 286**	**112 267 844**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

16. Property, plant and equipment (continued)

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

Buildings	1 695 036	346 698
Infrastructure	17 145 670	7 620 579
	18 840 706	**7 967 277**

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.

Notes to the Annual Financial Statements

17. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 700 853	(1 474 800)	226 053	4 664 698	(4 233 703)	430 995

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	430 995	149 153	(243 157)	(110 938)	226 053

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	534 746	(103 751)	430 995

18. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	74 581	-	74 581	74 581	-	74 581

Reconciliation of heritage assets 2023

	Opening balance	Total
Heritage assets	74 581	74 581

Reconciliation of heritage assets 2022

	Opening balance	Total
Heritage assets	74 581	74 581

Figures in Rand	2023	2022

19. Other financial liabilities

At amortised cost		
Annuity Loans - Current	49 516 483	47 785 934

Annuity Loans are repaid over periods varying from 10 to 15 (2022: 10 to 15) years and at interest rates varying from 8.63% to 11.06% (2022: 8.63% to 11.06%) per annum. Annuity Loans are not secured.

Arrears interest is charged at 10.63% to 12.76% for unpaid instalment.

The fair value of Long-term liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

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

Current liabilities		
At amortised cost	49 516 483	47 785 934

Contract number	Loan/Project number	Start date	Planned end date	Loan term	Interest rate
61000367	101796/1	01-07-2006	30-06-2021	15	8,63 %
61006899	12007530	01-07-2011	30-06-2021	10	9,56 %
61006937	12007596	01-07-2011	30-06-2021	10	11,06 %

As at 30 June 2023

Maturity analysis	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
DBSA	49 516 483	-	-	-	49 516 483
Subtotal	49 516 483	-	-	-	49 516 483
	49 516 483	**-**	**-**	**-**	**49 516 483**

Maturity analysis

As at 30 June 2022

Maturity analysis	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
DBSA	47 785 934	-	-	-	47 785 934
Subtotal	47 785 934	-	-	-	47 785 934
	47 785 934	**-**	**-**	**-**	**47 785 934**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

19. Other financial liabilities (continued)

Defaults and breaches

2023

	Loan 61000367	Loan 61006899	Loan 61006937	Total
Capital	11 386 777	6 313 088	7 735 491	25 435 356
Interest	9 318 761	4 929 576	9 832 790	24 081 127
	20 705 538	**11 242 664**	**17 568 281**	**49 516 483**

2022

	Loan 61000367	Loan 61006899	Loan 61006937	Total
Capital	11 386 777	6 313 088	7 735 491	25 435 356
Interest	8 815 619	5 499 057	8 035 902	22 350 578
	20 202 396	**11 812 145**	**15 771 393**	**47 785 934**

The loans were not renegotiated and were due on 30 June 2021.

20. Payables from exchange transactions

Trade payables	524 406 995	400 543 197
Retentions payable	4 268 297	3 385 083
Accrued leave pay	25 497 562	23 720 258
Accrued bonus	5 584 662	5 350 733
Agency fees	49 703	49 703
Department of transport and Prodiba	29 573 737	26 671 372
Prepaid electricity and water	1 757 680	2 838 905
Payments received in advance	13 212 566	13 139 955
Employee Control account	9 583 701	8 564 309
	613 934 903	**484 263 515**

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality had a payment arrangement in place with ESKOM at year end, this arrangement was not settled in full during July 2020.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

21. Payables from non-exchange

Payment Received In Advance	4 755 756	6 266 015
Unspent grant payable to National Treasury	19 292 050	19 292 050
Unallocated Deposits	18 116 147	17 712 548
	42 163 953	**43 270 613**

Staff leave and bonus accrues to the staff of the municipality on an annual basis, subject to certain conditions.

No credit period exists for payables from non-exchange transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

Figures in Rand	2023	2022

21. Payables from non-exchange (continued)

The municipality did not default on the payment of its creditors. No terms for payment have been renegotiated by the municipality.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

22. Consumer deposits

Cemetery	3 013	-
Sundry deposits - rentals	90 198	4 973
Electricity & water	6 932 733	6 405 199
Housing rental	500 467	122 532
	7 526 411	**6 532 704**

23. Employee benefit obligations

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded - Post Employment Medical Aid	(41 092 000)	(44 471 000)
Present value of the defined benefit obligation-wholly unfunded - Long Service Awards	(14 998 000)	(15 509 000)
	(56 090 000)	**(59 980 000)**
Non-current liabilities	(53 453 000)	(56 507 000)
Current liabilities	(2 637 000)	(3 473 000)
	(56 090 000)	**(59 980 000)**

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 is entitled to continue as a 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. 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 2021 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Long service award
The members of the long service award are made up as follows:

Eligible employees as at 30 June 2022	427	435
New Entries	22	9
Exits	(18)	(17)
	431	**427**

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

Opening balance	15 509 000	13 567 000
Current service cost	1 493 000	1 422 000
Interest cost	1 569 000	1 198 000
Benefits paid	(2 597 347)	(1 188 767)
Actuarial (gains)losses	(975 653)	510 767
	14 998 000	**15 509 000**

Figures in Rand	2023	2022

23. Employee benefit obligations (continued)

The amounts recognised in the statement of financial performance

Current service cost	1 493 000	1 422 000
Interest cost	1 569 000	1 198 000
Actuarial (gains) losses	(975 653)	510 767
Settlement	(2 597 347)	(1 188 767)
	(511 000)	**1 942 000**

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rates used	11,26	11,03 %
Average retirement age	62	62

Sensitivity analysis

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

	One percentage point increase	**One percentage point decrease**
General earnings inflation rate	3 272 000	2 873 000
Discount rate	3 012 000	3 117 000

The history of experienced adjustments is as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Defined benefit obligation	14 998 000	15 509 000	13 567 000	9 639 000	10 880 000
Surplus (deficit)	(14 998 000)	(15 509 000)	(13 567 000)	(9 639 000)	(10 880 000)
Experience adjustments on plan liabilities	(108 653)	822 767	3 880 077	(1 543 012)	325 722

Post employment medical aid subsidy
The members of the long service award are made up as follows:

In-service (employee) members	369	366
In-service (employee) non-members	62	61
Continuation (retiree and widow) members	14	15
	445	**442**

Unfunded liability

In-service (employee) members	30 514 000	33 347 000
In-service (employee) non-members	1 327 000	1 361 000
Continuation (retiree and widow) members	9 251 000	9 763 000
	41 092 000	**44 471 000**

Figures in Rand	2023	2022

23. Employee benefit obligations (continued)

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

Opening balance	44 471 000	40 945 000
Current service cost	3 104 000	2 989 000
Interest cost	5 222 000	4 201 000
Benefits paid	(815 902)	(809 667)
Actuarial loss	(10 889 098)	(2 854 333)
	41 092 000	**44 471 000**

Net expense recognised in the statement of financial performance

Current service cost	3 104 000	2 989 000
Interest cost	5 222 000	4 201 000
Actuarial (gains) losses	(10 889 098)	(2 854 333)
Settlement	(815 902)	(809 667)
	(3 379 000)	**3 526 000**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12,58 %	11,85 %
Health care cost inflation rate	8,18 %	8,46 %
Average retirement age	62	62

Sensitivity analysis

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

	One percentage point increase	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost	10 029 000	6 985 000
Discount rate	7 431 000	9 434 000

The history of experienced adjustments is as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Defined benefit obligation	41 092 000	44 471 000	40 945 000	33 718 000	36 717 000
Surplus (deficit)	(41 092 000)	(44 471 000)	(40 945 000)	(33 718 000)	(37 717 000)
Experience adjustments on plan liabilities	(3 923 000)	3 180 000	963 000	546 000	(793 000)

Impact of COVID-19

Post employment medical aid benefit liability

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is much uncertainty as to how it will affect mortality in the medium to long term and what effect treatments and/ or vaccine will have.

Figures in Rand	2023	2022

23. Employee benefit obligations (continued)

The sensitivities in tables above may be used to understand the potential impacts on the liability (and expenses) of. for an example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in the expected longevity ("+1 yr" in the tables).

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

Long service award liability

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/ or vaccines will have.

The sensitivities in tables above may be used to understand the potential impacts on the liability (and expenses) of. for an example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

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

24. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Financial Management Grant (FMG)	1 456 872	-
Municipal Infrastructure Grant (MIG)	-	4 750 124
EPWP	(1)	-
Energy Efficiency and Demand Side Management Grant (EEDSM)	-	159 181
Municipal Disaster Relief Grant	-	6 283 711
Water Service Infrastructure Grant (WSIG)	-	61 008
	1 456 871	**11 254 024**

Movement during the year

Balance at the beginning of the year	11 254 024	21 361 219
Additions during the year	30 196 898	27 723 000
Income recognition during the year	(33 505 094)	(18 861 195)
Rollover not approved transferred to Equitable Share	(6 488 957)	(18 969 000)
	1 456 871	**11 254 024**

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.

See note for reconciliation of grants from National/Provincial Government.

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

Notes to the Annual Financial Statements

25. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Rehabilitation of Landfill Sites - Deben	5 298 964	-	274 645	923 622	6 497 231
Rehabilitation of Landfill Sites - Olifantshoek	49 034 896	-	2 593 368	9 722 578	61 350 843
	54 333 860	**-**	**2 868 013**	**10 646 200**	**67 848 074**

Reconciliation of provisions - 2022

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Rehabilitation of Landfill Sites - Deben	5 179 693	-	41 031	78 240	5 298 964
Rehabilitation of Landfill Sites - Olifantshoek	59 305 755	-	379 686	(10 650 545)	49 034 896
	64 485 448	**-**	**420 717**	**(10 572 305)**	**54 333 860**

The municipality has an obligation to rehabilitate landfill sites.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landifill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.

The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current cost to an estimated future cost which is then discounted to present value. Interest rate used is 10.23% (7 years) and 12.27% (17 years).

The valuation of the landfill site provision was done by JPCE Specialist Consulting Engineers, a company which specialises in infrastructure maintenance and environmental consultancy services to municipalities and the profesional valuator on the project was W. Meyers (B. Eng.), with extensive experience and expertise relevant for this type of work.

Environmental rehabilitation provision

Council operates two disposal sites. In terms of the Environmental Conservation Act (Act No 73 of 1989), the municipality is responsible to perform a rehabilitation of the land upon closure of the landfill site.

Key assumptions

Description	**Deben**	**Olifantshoek**
Total Site Area	125 482m2	23 005m2
Estimated site closure date	2030	2040
Remaining site life (from 2023) (years)	7 years	17 years
Net present value calculations based on the Government Bond Yield Rates for 10-years and 20-years respectively as discount rates (as at 30 June 2023)	10,23%	12,27%

Figures in Rand	2023	2022

26. Revenue

Service charges	274 318 351	295 958 925
Rental of facilities and equipment	2 129 816	2 027 947
Interest received (trading)	35 582 419	29 143 871
Agency services	489 701	601 554
Other income	4 458 446	6 032 685
Interest received - investment	471 503	492 380
Property rates	140 699 377	138 298 651
Availability Charges	40 723 022	38 779 930
Surcharges and Taxes	12 608 971	10 028 494
Government grants & subsidies	87 220 050	64 627 650
Public contributions and donations	850 000	18 211 083
Fines, Penalties and Forfeits	733 451	765 144
	600 285 107	**604 968 314**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	274 318 351	295 958 925
Rental of facilities and equipment	2 129 816	2 027 947
Interest received (trading)	35 582 419	29 143 871
Agency services	489 701	601 554
Other income	4 458 446	6 032 685
Interest received - investment	471 503	492 380
	317 450 236	**334 257 362**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	140 699 377	138 298 651
Availability Charges	40 723 022	38 779 930
Licences or permits	1 512 959	1 377 326
Surcharges and Taxes	12 608 971	10 028 494
Transfer revenue		
Government grants & subsidies	87 220 050	64 627 650
Public contributions and donations	850 000	18 211 083
Fines, Penalties and Forfeits	733 451	765 144
	284 347 830	**272 088 278**

27. Service charges

Sale of electricity	163 795 741	181 211 940
Sale of water	43 020 730	47 239 703
Solid waste	42 417 670	39 868 934
Sewerage and sanitation charges	33 794 133	33 367 100
Less Income forgone	(8 709 923)	(5 728 752)
	274 318 351	**295 958 925**

28. Rental of facilities and equipment

Premises		
Premises	2 127 523	1 975 294
Facilities and equipment		
Rental of facilities	2 293	52 653
	2 129 816	**2 027 947**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
29. Interest		
Interest exchange	35 582 419	29 143 871
Interest non-exchange	12 608 971	10 028 494
	48 191 390	**39 172 365**
30. Agency services		
Department of Transport	489 701	601 554
31. Other revenue		
Other income - (rollup)	4 458 446	6 032 685
32. Other income		
Cemetry fees	45 683	64 059
Collection charges	1 268 191	2 608 120
Building plan approval	1 835 251	2 997 106
Photocopies	1 430	2 324
Insurance Refund	-	4 849
Reconnection fees	625 478	349 505
Land Use Inspections	680 945	6 722
Objections and Appeals	1 468	-
	4 458 446	**6 032 685**
33. Property rates		
Rates received		
Property rates income	145 248 441	141 524 957
Less: Income forgone	(4 549 064)	(3 226 306)
	140 699 377	**138 298 651**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

33. Property rates (continued)

Valuations

Residential	6 760 483 575	6 697 478 875
State owned	85 077 020	82 646 420
Municipal farms	88 006 000	84 498 000
Small holdings	97 480 000	89 150 000
Industrial	187 431 500	159 148 500
Business	1 332 110 112	1 172 726 112
Agriculture	1 358 143 000	1 359 917 000
Public service infrastructure	17 049 006	16 750 006
Public benefit organisation	11 706 700	9 526 000
Church	87 129 548	86 881 848
Education	363 233 000	363 233 000
Vacant stands	11 495 384	11 769 384
Mining	405 678 100	405 678 100
Existing farms without dwellings	161 927 000	162 527 000
Municipal	568 682 191	528 751 941
	11 535 632 136	**11 230 682 186**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A fixed rate is applied to property valuations according to different categories as per the tariff schedules to determine assessment rates. Rebates of R15 000 on the property valuation are granted to residential property owners.

34. Availability charges

Electricity	15 115 923	13 657 787
Water	13 658 576	13 252 566
Sanitation	11 948 523	11 869 577
	40 723 022	**38 779 930**

Availability charges are billed on vacant stands which are serviced by the municipality. The municipality supply electrical, sewerage and water infrastructure to service the vacant stands and the owner is then billed for the availability of the infrastructure network supplied. Availability charges were only implemented from July 2021.

Figures in Rand	2023	2022

35. Government grants and subsidies

Operating grants		
Equitable share	53 714 955	45 435 000
National: Financial Management Grant	643 128	2 000 000
Provincial: Department of Public Works: EPWP Programme	1 073 000	1 028 723
Provincial: Library	3 210 000	725 373
Municipal Disaster Relief Grant	511 297	1 612 061
Education, Training and Develoment Practices- SETA	355 898	331 454
	59 508 278	**51 132 611**
Capital grants		
National: Municipal Infrastructure Grant (MIG)	9 458 000	-
National: Department of Minerals & Energy (INEP)	6 000 000	-
Energy Efficicency Demand Side Management Grant	4 000 000	4 840 819
Municipal Disaster Relief Grant	4 253 772	746 228
Water Service Infrastructure Grant (WSIG)	4 000 000	7 907 992
	27 711 772	**13 495 039**
	87 220 050	**64 627 650**

Equitable Share

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

All registered indigents receive a monthly subsidy of R936.74 - (2022: R892.44 -), which is funded from the grant.

National: Financial Management Grant (FMG)

Current-year receipts	2 100 000	2 000 000
Conditions met - transferred to revenue	(643 128)	(2 000 000)
	1 456 872	**-**

The Financial Management Grant (FMG) was allocated to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	4 750 124	7 583 574
Current-year receipts	9 458 000	4 750 000
Conditions met - transferred to revenue	(9 457 999)	-
Rollover not approved- Transfer to Equitable share	(4 750 125)	(7 583 450)
	-	**4 750 124**

The Municipal Infrastructure Grant (MIG) was allocated to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

National: Department of Mineral & Energy (INEP)

Balance unspent at beginning of year	-	9 496 211
Current-year receipts	6 000 000	-
Conditions met - transferred to revenue	(6 000 000)	-
Rollover not approved - Transfer to Equitable share	-	(9 496 211)
	-	**-**

Figures in Rand	2023	2022

35. Government grants and subsidies (continued)

The grant was allocated to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

Provincial: Department of Public Works: EPWP Programme

Balance unspent at beginning of year	-	24 722
Current-year receipts	1 073 000	1 004 000
Conditions met - transferred to revenue	(1 073 001)	(1 028 722)
	(1)	**-**

The Expanded Public Works Programme was allocated to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic roads and rural roads; basic services infrastructure, including water and sanitation reticulation(excluding bulk infrastructure); other economic and social infrastructure; tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; community safety programmes.

Equitable share - COVID 19

Balance unspent at beginning of year	-	1 642 000
Transfer to Municipal Disaster Relief Grant	-	(1 642 000)
	-	**-**

This was an allocation to the municipality for COVID 19.

Provincial: Library

Balance unspent at beginning of year	-	725 373
Current-year receipts	3 210 000	-
Conditions met - transferred to revenue	(3 210 000)	(725 373)
	-	**-**

Conditions still to be met - remain liabilities (see note 24).

The Povincial Library Grant was allocated to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

Energy Efficiency and Demand Side Management (EEDSM)

Balance unspent at beginning of year	159 181	-
Current-year receipts	4 000 000	5 000 000
Conditions met - transferred to revenue	(4 000 000)	(4 840 819)
Rollover not approved-transferred to payables	(159 181)	-
	-	**159 181**

The Energy Efficiency and Demand Side Management grant was allocated to provide subsidies to municipalities to implement efficiency and demand side management initiatives with in municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Figures in Rand	2023	2022

35. Government grants and subsidies (continued)

Education, Training and Develoment Practices- SETA

Current-year receipts	355 898	331 454
Conditions met - transferred to revenue	(355 898)	(331 454)
	-	**-**

In terms of Skills Levy Act of 1999, LGSETA pay s a mandatory grant which is 20% of 1% the municipality pays to the South African Revenue Service for Skill Development.

Municipal Disaster Relief Grant

Balance unspent at beginning of year	6 283 711	-
Transfer from Equitable share- COVID 19 (Opening Balance)	-	1 642 000
Current-year receipts	-	7 000 000
Conditions met - transferred to revenue	(4 765 069)	(2 358 289)
	(1 518 642)	-
	-	**6 283 711**

Conditions still to be met - remain liabilities (see note 24).

Provide explanations of conditions still to be met and other relevant information.

Water Service Infrastructure Grant (WSIG)

Balance unspent at beginning of year	61 008	1 889 339
Current-year receipts	4 000 000	7 969 000
Conditions met - transferred to revenue	(4 000 000)	(7 907 992)
Rollover not approved- Transfer to Equitable share	(61 008)	(1 889 339)
	-	**61 008**

Conditions still to be met - remain liabilities (see note 24).

The Water Service Infrastructure Grant was allocated to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance to sustainability of services especially in rural municipalities; provide basic and intemittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in effected municipalities.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act …of 20X2), no significant changes in the level of government grant funding are expected over the forthcoming three (3) financial years.

36. Public contributions and donations

Property, plant and equipment	850 000	16 681 293
Revenue In-kind	-	740 048
Kumba Interns	-	789 742
	850 000	**18 211 083**

Property, plant and equipment

Relates to the land donated to the municipality by Sishen Iron Ore Mine.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

37. Fines, Penalties and Forfeits

Other Fines	356 801	208 672
Court Traffic Fines	376 650	556 472
	733 451	**765 144**

Figures in Rand	2023	2022

38. Employee related costs

Basic	111 351 046	104 737 862
Contributions to Bargaining Council	53 471	50 903
Medical aid - company contributions	12 260 782	11 789 427
UIF	851 004	840 044
SDL	1 689 408	1 552 998
Leave pay provision charge	3 937 015	3 387 266
Current Service Costs (Medical & Long Service Award)	1 183 751	2 412 566
Defined contribution plans	18 283 329	17 475 870
Travel, motor car, accommodation, subsistence and other allowances	12 269 363	11 717 096
Overtime payments	17 653 892	15 539 335
Long-service awards	2 462 926	1 026 711
13th Cheques	9 378 709	8 718 183
Acting allowances	3 332 352	2 014 723
Housing benefits and allowances	1 783 374	1 752 147
Standby Allowance	3 288 101	3 167 803
Group life insurance	256 152	227 726
Cellular and Telephone	394 484	450 465
	200 429 159	**186 861 125**

Remuneration of Municipal Manager (Contract ended) - KP Leserwane

Annual Remuneration	398 112	984 276
Travel Allowance	192 054	576 162
Cellphone Allowance	6 400	19 200
Other	166 405	-
	762 971	**1 579 638**

Mr K.P. Leserwane's contract ended in October 2022.

Remuneration of Chief Finance Officer - A Makoku

Annual Remuneration	550 561	550 561
Travel Allowance	362 240	362 240
Cellphone Allowance	24 000	24 000
Other	13 968	-
	950 769	**936 801**

Remuneration of Municipal Manager- L Seetile

Annual Remuneration	637 695	616 416
Performance Bonuses	89 787	-
Travel Allowance	375 015	360 829
Cellphone Allowance	19 200	19 200
Acting Allowance	269 146	134 583
	1 390 842	**1 131 028**

Mr L. Seetile acted in the position of the Munipal Manager for the period November 2022 to April 2023, before being appointed on the 1st of May 2023.

Remuneration of the Director: Infrastructure - KN Ositang

Annual Remuneration	616 416	616 416
Travel Allowance	360 829	360 829
Cellphone Allowance	19 200	19 200
Other	7 288	-

Figures in Rand	2023	2022

38. Employee related costs (continued)

	1 003 733	**996 445**

Remuneration of the Director: Development and Town Planning - TP Rapelang

Annual Remuneration	616 416	616 416
Travel Allowance	360 829	360 829
Cellphone Allowance	19 200	19 200
Other	10 062	-
	1 006 507	**996 445**

Remuneration of the Acting Director: Community Services - GN Loeto

Annual Remuneration	955 682	911 040
Travel Allowance	193 150	184 128
Ceiiphone Allowance	9 990	9 990
Acting Allowance	101 082	113 584
Other	130 077	14 574
	1 389 981	**1 233 316**

Mr G.N Loeto was appointed the Acting Director in May 2018.

Remuneration of Acting Director: Corporate Services - CM Phuti

Annual Remuneration	147 028	-
Travel Allowance	32 192	-
Cellphone Allowance	1 665	-
Acting Allowance	18 379	-
Other	2 024	-
	201 287	**-**

Mr C.M. Phuti was appointed the Acting Director on the 1st of May 2023.

39. Remuneration of councillors

Councillors	4 074 742	3 866 567
Other Allowances (Cellular Phones, Housing, Transport, etc.)	2 023 904	1 874 547
	6 098 646	**5 741 114**

In-kind benefits

The Councillor occupying the position of the Mayor of the municipality serve in a full-time capacity. He is provided with office, accommodation and secretarial support at the expense of the municipality in order to enable him to perform him official
duties.

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

40. Depreciation and amortisation

Property, plant and equipment	53 090 730	55 051 418
Intangible assets	110 938	103 751
	53 201 668	**55 155 169**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

41. Impairment of assets

Impairments

Property, plant and equipment	1 515 661	2 349 795

The main classes of assets affected by impairment losses are:

Infrastructure

Furniture and offfice equipment

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

Infrastructure

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

Condition assessment of assets

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

Disposal of assets

42. Finance costs

Non-current borrowings	5 485 570	5 116 525
Trade and other payables	32 551 177	15 106 475
Current borrowings	6 791 000	5 399 000
Landfill site	2 868 013	420 716
	47 695 760	**26 042 716**

43. Lease rentals on operating lease

Equipment

Contractual amounts	4 481 467	6 933 812

44. Debt impairment

Contributions to debt impairment provision	24 547 233	7 353 949

45. Bulk purchases

Electricity - Eskom	144 867 742	149 968 357

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

46. General expenses

Advertising	190 956	64 743
Auditors remuneration	4 456 344	5 485 113
Bank charges	1 268 047	1 245 799
Cleaning	9 496 153	7 647 782
Computer expenses	713 800	-
Consulting and professional fees	34 520 172	31 317 003
Consumables	2 490 761	3 615 230
Legal expenses	3 388 853	1 557 872
Hire	18 450 390	10 312 323
Insurance	2 745 950	2 348 819
IT expenses	100 823	46 859
Motor vehicle expenses	3 068 071	620 217
Fuel and oil	5 899 498	4 838 373
Printing and stationery	1 159 440	841 640
Gardening services	36 360	6 425
Protective clothing	464 260	1 994 052
Security (Guarding of municipal property)	14 062 689	12 217 806
Software expenses	5 045 598	3 445 825
Subscriptions and membership fees	2 174 321	2 050 779
Telephone and communication	8 065 654	9 489 882
Training	1 709 192	1 955 983
Subsistence and Travelling	2 445 748	1 510 651
Catering services	196 768	85 762
Commission paid: Prepaid Water and Electricity	7 046 265	7 111 839
Meter management services	2 228 061	2 679 961
Sundries	4 915 674	3 789 436
	136 339 848	**116 280 174**

47. Fair value adjustments

Investment property (Fair value model)	2 355 917	30 296 571

48. Investment revenue

Interest revenue		
Bank	471 503	492 380

49. Auditors' remuneration

Fees	4 456 344	5 485 113

Figures in Rand	2023	2022

50. Related parties

Relationships	Ward	Surname	Initials
Mayor		du Plessis	H
Councillor	2	Dithupa	K.V
Councillor	3	Jafta	M.L
Councillor	4	Motsoare	T.M
Councillor	5	Magagane	N.S
Councillor	6	Caetano	A.M
Councillor	7	Tironyane	E.T
Councillor	8	Roman	J.J.T
Councillor	1	Hantise	O.E
Councillor	Proportional	Lekgadi	B.P
Councillor	Proportional	Sebego	B.I
Councillor	Proportional	Sekgobi	G.M
Councillor	Proportional	Dikolanyane	E
Councillor	Proportional	Koikoi	N.M
Councillor	Proportional	Morwe	A.J
Councillor	Proportional	Mines	S.S
Councillor	Term ended	Seetile	D.P
Councillor	Term ended	Booysen	A
Councillor	Term ended	Skeiman	M.C
Councillor	Term ended	Nqume	M.F
Councillor	Term ended	Orpen	M.K
Councillor	Term ended	Fourie	H.J
Councillor	Deceased	Joseph	C.V
Councillor	Resigned	Esau	G.J
Director:			
Municipal Manager		Seetile	L
Chief Financial Officer		Makoku	A
Director: Technical Services		Ositang	KN
Acting Director: Community Services		Loeto	G
Director: Development and Town Planning		Rapelang	TP
Municipal Manager	Contract ended	Leserwane	KP
Acting Director: Corporate Services		Phuti	CM

Related party balances

The municipality rendered municipal services and rates to Related parties charged at approved tariffs that were advertised to the public. No Bad debts were written off or recognised in respect of amounts owed by the Related Parties. All transactions with the Related Parties were at arms length. Furthermore, there were no commitments between the municipality and the Related parties in accordance with MFMA

The municipality does not provide any benefits; Post-employment benefits or any other long-term benefits to any class of management except for termination benefits (gratuity cheque) paid to councillors at the end of their term

Amounts included in Trade receivable (Trade Payable) regarding related parties

Saphire Dawn	-	(7 691)
John Taolo Gaetsewe NC District Municipality	(5 040 769)	(5 607 890)

The municipality has an arrangement with John Taolo Gaetsewe NC District Municipality on the provision of shared services on the Internal Audit Unit, Audit Committee and Risk Management. This is in line with the John Taolo Gaetsewe NC District Municipality and local municipalities charter and mandate for internal audit, audit committee and risk management function. The municipality contributes to the shared services a percentage of the total actual expenditure or budget amount. The balance relates to the outstanding contributions, including interest, by the municipality.

Awards to close family members of person/(s) in service of the State.

Figures in Rand	2023	2022

50. Related parties (continued)

Contracted Supplier	Name of Spouse/Relative	Organ of State	Position held	2023	2022
Sapphire Dawn	Chris Engelbrecht	Gamagara Local Municipality	Millwright	62 599	61 088
Keosego Holdings	Josephine Nampa	Gamagara Local Municipality	SCM Manager	104 262	-
Phatsimisa Setshaba	Jeanette Dipuo Masiane	Department of Education (Maremane Primary School)	School Principal	10 536 783	8 487 230
Setlatlapi Business Enterprise	Patheka .Charmaine Lerefolo	Eskom	Assistant	1 106 540	931 300
Inzalo EMS	N.T Mazibuko	Department: Arts & Culture KZN		256 669	-
				12 066 853	**9 479 618**

Services rendered to related parties	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Year ended 30 June 2023					
Councillors	16 363	20 276	19 390	56 029	7 213
Section 57 Personnel	8 775	28 194	7 419	44 387	18 814
	25 138	**48 470**	**26 809**	**100 416**	**26 027**

	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Councillors					
Cllr. O.E. Hantise	-	12 974	7 484	20 458	5 158
Cllr. N.S. Magagane	-	-	-	-	-
Cllr. H. du Plessis	1 867	735	-	2 602	373
Cllr. B.P. Lekgadi	-	-	-	-	-
Cllr. B.I. Sebego	-	-	-	-	-
Cllr. T.M. Motsoare	-	-	-	-	-
Cllr. K.V. Dithupa	-	-	-	-	-
Cllr. M.L. Jafta	-	-	-	-	-
Cllr. E.T. Tiroyame	256	1 241	147	1 644	12
Cllr. G.M. Sekgopi	-	-	-	-	-
Cllr. J.J.T. Roman	11 867	1 565	11 728	25 160	1 651
Cllr. A.M. Caetano	2 372	2 211	31	4 615	19
Cllr. E. Dikolanyane	-	-	-	-	-
SS Mines	-	1 550	-	1 550	-
	16 363	**20 276**	**19 390**	**56 029**	**7 213**

Figures in Rand	2023	2022

50. Related parties (continued)

	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Section 57 Personnel					
Municipal Manager: L. Seetile	344	2 510	-	2 855	29
Chief Financial Officer: A. Makoku	-	310	4 832	5 142	26
Acting Director Corporate Services: C.M. Phuti	20	-	-	20	-
Director Infrastructure: K.N. Ositang	1 767	735	-	2 502	12
Director Development and Town Planning: T.P. Rapelang	1 476	2 084	563	4 123	19
Acting Director: Community Services: G.N. Loeto	5 167	6 028	75	11 270	252
Municipal Manager (Contracted ended): K.P. Leserwane	-	16 527	1 950	18 476	18 476
	8 775	**28 194**	**7 419**	**44 387**	**18 814**

Services rendered to related parties	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Year ended 30 June 2022					
Councillors	139 592	111 746	76 031	327 374	56 359
Section 57 Personnel	7 712	44 000	379	52 090	-
	147 304	**155 746**	**76 410**	**379 464**	**56 359**

	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Councillors					
Cllr. O.E. Hantise	-	12 945	5 728	18 673	6 358
Cllr. N.S. Magagane	-	-	-	-	-
Cllr. H. du Plessis	2 117	701	2 184	5 003	-
Cllr. B.P. Lekgadi	-	-	-	-	-
Cllr. B.I. Sebego	-	-	-	-	-
Cllr. T.M. Motsoare	-	-	-	-	-
Cllr. K.V. Dithupa	-	-	-	-	-
Cllr. M.L. Jafta	-	-	-	-	-
Cllr. E.T. Tiroyame	1 847	16 204	1 948	19 999	1 517
Cllr. G.M. Sekgopi	-	-	-	-	-
Cllr. J.J.T. Roman	9 416	17 705	7 878	35 000	2 919
Cllr. A.M. Caetano	1 132	4 389	-	5 521	15
Cllr. D.P. Seetile (Term ended Oct 2021)	-	3 846	145	3 992	112
Cllr. A Booysen (Term ended Oct 2021)	833	11 227	3 443	15 504	1 623
Cllr. M.K. Orpen (Term ended Oct 2021	4 837	4 866	1 935	11 638	663
Cllr. C.V. Joseph (Term ended Oct 2021)	-	(9)	-	(9)	-
Cllr. H.J. Fourie (Term ended Oct 2021)	119 411	39 871	52 770	212 053	43 152
	139 593	**111 745**	**76 031**	**327 374**	**56 359**

Figures in Rand	2023	2022

50. Related parties (continued)

	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Section 57 Personnel					
Municipal Manager: K.P. Leserwane	-	8 544	77	8 621	-
Chief Financial Officer: A. Makoku	-	4 688	-	4 688	-
Director Corporate Services: L. Seetile	329	1 824	-	2 152	-
Director Infrastructure: K.N. Ositang	1 686	714	-	2 399	-
Director Development and Town Planning: T.P. Rapelang	2 209	3 093	34	5 337	-
Acting Director: Community Services: G.N. Loeto	3 488	25 138	267	28 893	-
	7 712	**44 001**	**378**	**52 090**	**-**

Remuneration of management

Councillors/Mayoral committee members

2023

	Basic salary	Other short-term employee benefits	Total
Name			
Cllr. O.E. Hantise	614 353	249 184	863 537
Cllr. N.S. Magagane	262 214	131 805	394 018
Cllr. H. du Plessis	301 436	152 665	454 102
Cllr. B.P. Lekgadi	129 129	54 143	183 272
Cllr. B.I. Sebego	204 323	112 508	316 830
Cllr. T.M. Motsoare	204 323	112 508	316 830
Cllr. K.V. Dithupa	270 144	139 345	409 489
Cllr. M.L. Jafta	204 323	112 508	316 830
Cllr. E.T. Tiroyame	270 145	140 979	411 124
Cllr. G.M. Sekgopi	204 323	112 508	316 830
Cllr. J.J.T. Roman	204 323	112 508	316 830
Cllr. A.M. Caetano	204 323	112 508	316 830
Cllr. E. Dikolanyane	4 128	1 705	5 832
Cllr. N.M. Koikoi	204 323	112 508	316 830
Cllr. A.J. Morwe (Re-appointed Apr 2022)	204 323	112 508	316 830
Cllr. J.C. Makape	153 242	84 381	237 623
Cllr. S.S. Mines	435 372	223 539	658 911
	4 074 742	**2 077 807**	**6 152 548**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

50. Related parties (continued)

2022

Name	Basic salary	Other short-term employee benefits	Total
O.E. Hantise	618 898	250 699	869 597
Cllr. N.S. Magagane	261 529	131 576	393 105
Cllr. H. du Plessis	242 719	125 306	368 025
Cllr. B.P. Lekgadi	386 435	173 212	559 647
Cllr. B.I. Sebego	204 323	112 508	316 831
Cllr. T.M. Motsoare	131 571	107 136	238 707
Cllr. K.V. Dithupa	169 967	85 247	255 214
Cllr. M.L. Jafta	131 571	72 448	204 019
Cllr. E.T. Tiroyame	162 654	77 933	240 587
Cllr. G.M. Sekgopi	151 466	52 554	204 020
Cllr. J.J.T. Roman	131 571	72 448	204 019
Cllr. A.M. Caetano	131 571	72 448	204 019
Cllr. E. Dikolanyane	131 571	72 448	204 019
Cllr. N.M. Koikoi	131 571	72 448	204 019
Cllr. A.J. Morwe (Re-appointed Apr 2022)	134 927	74 240	209 167
Cllr. M.C. Skeiman (Term ended Oct 2021)	73 011	40 146	113 157
Cllr. M.F. Nqume (Term ended Oct 2021)	73 011	40 146	113 157
Cllr D.P. Seetile (Term ended Oct 2021)	184 568	77 332	261 900
Cllr. A. Booysen (Term ended Oct 2021)	93 364	46 930	140 294
Cllr. M.K. Orpen (Term ended Oct 2021)	73 011	40 146	113 157
Cllr. C.V. Joseph (Term ended Oct 2021)	139 529	71 764	211 293
Cllr. H.J. Fourie (Term ended Oct 2021)	73 011	40 146	113 157
	3 831 849	**1 909 261**	**5 741 110**

Additional information

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

Management class: Executive management

2023

Name	Basic salary	Other short-term employee benefits	Acting allowances	Total
KP Leserwane	398 112	364 859	-	762 971
A Makoku	550 561	400 208	-	950 769
L Seetile	637 695	484 002	269 146	1 390 842
KN Ositang	616 416	387 316	-	1 003 733
TP Rapelang	616 416	390 090	-	1 006 507
G Loeto	955 682	333 218	101 082	1 389 981
CM Phuti	147 028	35 880	18 379	201 287
	3 921 909	**2 395 574**	**388 606**	**6 706 090**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

50. Related parties (continued)

2022

	Basic salary	Other short-term employee benefits	Acting allowances	Total
Name				
KP Leserwane	984 276	595 362	-	1 579 638
A Makoku	550 561	386 240	-	936 801
L Seetile	616 416	380 029	134 583	1 131 028
KN Ositang	616 416	380 029	-	996 445
TP Rapelang	616 416	380 029	-	996 445
G Loeto	911 040	208 692	113 584	1 233 316
	4 295 125	**2 330 381**	**248 167**	**6 873 673**

Figures in Rand	2023	2022

51. Prior period errors

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets						
Current Assets						
Inventories	3	959 548	-	-	959 548	
Operating lease asset	4	2 336	-	-	2 336	
Other trade receivables from exchange transactions	5&7	3 946 292	-	-	3 946 292	
Statutory receivables from non-exchange transactions	6&7	103 021 362	(1 028 198)	-	101 993 164	[1]
Statutory receivables from exchange transactions	8	31 011 861	22 958	-	31 034 819	[2]
Receivables from exchange transactions	9	255 981 276	(3 288 129)	-	252 693 147	[3]
Other trade receivables from non-exchange transactions	12	2 535 327	-	-	2 535 327	
Cash and cash equivalents	14	19 253 258	-	-	19 253 258	
		416 711 260	**(4 293 369)**	**-**	**412 417 891**	
Non-Current Assets						
Investment property	15	343 955 367	-	-	343 955 367	
Property, plant and equipment	16	1 166 350 956	(1 362 443)	-	1 164 988 513	[4]
Intangible assets	17	430 995	-	-	430 995	
Heritage assets	18	74 581	-	-	74 581	
Other trade receivables from exchange transactions	10	3 546 449	-	-	3 546 449	
Other trade receivables from non-exchange transactions	11	1 584 774	-	-	1 584 774	
		1 515 943 122	**(1 362 443)**	**-**	**1 514 580 679**	
Total Assets		**1 932 654 382**	**(5 655 812)**	**-**	**1 926 998 570**	

51. Prior period errors (continued)

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Liabilities						
Current Liabilities						
Other financial liabilities	19	47 785 934	-	-	47 785 934	
Payables from exchange transactions	20	483 188 963	1 074 552	-	484 263 515	[5]
Payables from non-exchange	21	42 270 125	1 000 488	-	43 270 613	[6]
Consumer deposits	22	6 532 704	-	-	6 532 704	
Employee benefit obligation	23	3 473 000	-	-	3 473 000	
Unspent conditional grants and receipts	24	11 254 024	-	-	11 254 024	
Provisions	25	-	-	-	-	
		594 504 750	**2 075 040**	**-**	**596 579 790**	
Non-Current Liabilities						
Employee benefit obligation	23	56 507 000	-	-	56 507 000	
Provisions	25	54 333 860	-	-	54 333 860	
		110 840 860	**-**	**-**	**110 840 860**	
Total Liabilities		**705 345 610**	**2 075 040**	**-**	**707 420 650**	
Net Assets		**1 227 308 772**	**(7 730 852)**	**-**	**1 219 577 920**	
Accumulated surplus		1 227 308 772	(7 730 852)	-	1 219 577 920	[7]

51. Prior period errors (continued)

Statement of Financial Performance

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue						
Revenue from exchange transactions						
Service charges	27	296 960 587	(1 001 662)	-	295 958 925	[8]
Rental of facilities and equipment	28	2 003 599	24 348	-	2 027 947	[9]
Interest received (trading)		29 436 971	(293 100)	-	29 143 871	[10]
Agency services		601 554	-	-	601 554	
Other income	32	6 032 685	-	-	6 032 685	
Interest received - investment	48	492 380	-	-	492 380	
Total revenue from exchange transactions		**335 527 776**	**(1 270 414)**	**-**	**334 257 362**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	33	138 856 279	(557 628)	-	138 298 651	[11]
Availability charges		38 779 930	-	-	38 779 930	
Licences and Permits (Non-exchange)		1 377 326	-	-	1 377 326	
Interest		10 353 298	(324 804)	-	10 028 494	[12]
Transfer revenue						
Government grants & subsidies	35	64 627 650	-	-	64 627 650	
Public contributions and donations	36	18 211 083	-	-	18 211 083	
Fines, Penalties and Forfeits		765 144	-	-	765 144	
Total revenue from non-exchange transactions		**272 970 710**	**(882 432)**	**-**	**272 088 278**	
Total revenue	26	**608 498 486**	**(2 152 846)**	**-**	**606 345 640**	
Expenditure						
Employee related costs	38	(203 229 303)	16 368 178	-	(186 861 125)	[13]
Remuneration of councillors	39	(5 741 114)	-	-	(5 741 114)	
Depreciation and amortisation	40	(55 155 169)	-	-	(55 155 169)	
Impairment loss/ Reversal of impairments	41	(2 349 795)	-	-	(2 349 795)	
Finance costs	42	(26 042 716)	-	-	(26 042 716)	
Lease rentals on operating lease		(6 933 812)	-	-	(6 933 812)	
Debt Impairment	44	(8 056 754)	702 805	-	(7 353 949)	[14]
Bad debts written off	44	(17 734 185)	-	-	(17 734 185)	
Repairs and maintenance		(8 055 637)	1 205 935	-	(6 849 702)	[15]
Bulk purchases	45	(156 017 083)	6 048 726	-	(149 968 357)	[16]
Water Inventory consumed		-	(6 048 726)	-	(6 048 726)	[17]
Transfers and Subsidies	66	-	-	-	-	
General Expenses	46	(116 564 502)	284 328	-	(116 280 174)	[18]
Total expenditure		**(605 880 070)**	**18 561 246**	**-**	**(587 318 824)**	
Operating surplus		**2 618 416**	**16 408 400**	**-**	**19 026 816**	
Loss on disposal of assets and liabilities		(2 162 658)	(1 127 000)	-	(3 289 658)	[19]
Fair value adjustments	47	30 296 571	-	-	30 296 571	
Actuarial gains/losses	23	2 343 566	-	-	2 343 566	
Inventories losses/write-downs		-	(18 958 562)	-	(18 958 562)	[20]
		30 477 479	**(20 085 562)**	**-**	**10 391 917**	
Surplus for the year		**33 095 895**	**(3 677 162)**	**-**	**29 418 733**	

* See Note 51

Figures in Rand	Note(s)	2023	2022 Restated*

51. Prior period errors (continued)

[1] An adjustment of R 1 028 198 was processed in correction of property rates billing as per the recommendations of the valuations appeal board..

[2] An adjustment of R 22 958 was processed to correct billing errors

[3] An adjustment of R 3 288 129 was processed to correct billing errors on receivables from exchange transactions.

[4] The adjustment relates to the restatement of land disposals of R 1 127 000 and Solid waste infrastructure work-in-progress cost duplicated amounting to R 235 286.

[5] An adjustment of R 1 074 549 was processed to correct billing errors .

[6] An adjustment of R1 000 488 was processed in correction of property rates billing as per the recommendations of the valuations appeal board

[7] An adjustment of R to correct the accumulated surplus as a result of correcting errors.

[8] An adjustment of R 1 001 661 was processed to correct billing errors.

[9] An adjustment of R 24 348 was processed in correction of billing errors on rental of facilities and premises.

[10] An adjustment of R 293 100 was processed to reverse interest received in correction of billing errors.

[11] An adjustment of R 557 628 was processed in correction of property rates billing as per the recommendations of the valuations appeal board.

[12] The adjustment relates to Interest reversal of R 324 804 which was done in correction of property rates billing errors.

[13] The employee costs was restated by R16 368 178 which relates to the classification of conversion costs associated with inventory and the pensioners post-medical employement not accurately posted amounting to R31 457.

[14] An adjustment of R 702 805 was processed due to correction of billing errors

[15] An adjustment of R 10 359 was processed to correct expenses belonging to prior year and R1 216 293 relates to the conversion costs associated with water inventory consumed.

[16] This is an adjustment to disclose separately the water inventory consumed.

[17] This is an adjustment to disclose separately the water inventory consumed.

[18] An adjustment of R 284 328 was processed to correct expenses belonging to prior year and movement of conversion costs associated with water inventory consumed.

[19] This is the disposal of land correction of R 1 127 000.

[20] An adjustment of R18 958 562 is made to separately disclose the water distribution losses.

52. Going concern

Management considered the following matters relating to the Going Concern:

Non-compliance (30 days) - The municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors account.

During 2020 the Council adopted the 2020/2021 to 2023/24 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

* See Note 51

Figures in Rand	Note(s)	2023	2022 Restated*

52. Going concern (continued)

The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash backed status before it is ultimately approved by Council.

Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

The following indicators have a negative outlook on the going concern of the municipality:

- Current liabilities exceed current assets by R (251 775 992)

- Creditors days in 2023 are (332) and in 2022 are (301)

- Debtors days in 2023 are 328 and in 2022 are 276

The municipality owns Eskom R329 845 418 and Sedibeng Water R970 214 at year end.

These events may cast significant doubt on the municipality's ability to continue as a going concern.

Despite the above negative indicators, the municipality is a going concern because of the following:

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution

Under the DORA Act (Division of Revenue Bill - Bill Published In Government Gazette No. 43025 of 17 February 2020) the municipality has been allocated the following funds for the years 2021/22 to 2024/25.

	2021/2022	2022/2023	2023/2024	2024/2025	Total
Finance Management Grant (FMG)	2 000 000	2 100 000	2 100 000	2 100 000	8 300 000
Expanded Public Works Program (EPWP)	-	1 073 000	-	-	1 073 000
Municipal Infrastructure Grant (MIG)	12 441 000	12 908 000	13 287 000	13 690 000	52 326 000
Energy Efficiency and Demand Side Management	3 000 000	4 000 000	4 000 000	-	11 000 000
Integrated National Electrification Programme Grant (INEP)	24 139 000	18 500 000	20 000 000	20 898 000	83 537 000
Water Service Infrastructure Grant (WSIG)	15 000 000	5 000 000	24 125 000	25 210 000	69 335 000
Regional Bulk Infrastructure Grant (RBIG)	79 804 000	-	20 037 000	40 000 000	139 841 000
Municipal Disaster Relief Grant	-	7 000 000	-	-	7 000 000
Equitable Share	47 584 000	53 715 000	60 588 000	68 418 000	230 305 000
	183 968 000	**104 296 000**	**144 137 000**	**170 316 000**	**602 717 000**

There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation.

* See Note 51

Figures in Rand	Note(s)	2023	2022 Restated*

52. Going concern (continued)

In addition, the municipality collects revenue for services rendered and this will augment their cash flows in subsequent years There was an outbreak of COVID-19 which was declared an epidemic by the World Health Organisation and following that, the South Africa Government declared it as such. Inspite of the COVID-19 outbreak, the municipality will continue as a going concern as it is part of the institutions that supply critical services to the communities it serves. The President of South Africa also pledged support for all institutions that supply critical services and a fund has also been set up to support these institutions. The municipality has also received their grants (Equitable share) and they will continue to receive grants in the foreseable future.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

53. Unauthorised expenditure

Opening balance as previously reported	745 683 603	633 136 403
Opening balance as restated	**745 683 603**	**633 136 403**
Add: Unauthorised Expenditure - current year	17 973 260	112 547 200
Closing balance	**763 656 863**	**745 683 603**

The over expenditure incurred by municipal departments during the year included the following non-cash items:

Non-cash	4 456 345	52 999 332

Analysed as follows: non-cash

Depreciation, impairment and amortisation	4 456 345	55 155 169
Fair value adjustment	-	(30 296 571)
Impairment of assets	-	2 349 795
Debt Impairment	-	8 056 754
Bad debts	-	17 734 185
	4 456 345	**52 999 332**

54. Fruitless and wasteful expenditure

Opening balance as previously reported	77 701 191	56 929 954
Opening balance as restated	**77 701 191**	**56 929 954**
Add: Fruitless and Wasteful Expenditure - current year	38 036 743	20 771 237
Less: Amounts recoverable - prior period	(77 701 191)	-
Closing balance	**38 036 743**	**77 701 191**

The Fruitless and wasteful expenditure is mainly madeup of interest for late payment of Eskom bulk account, Development Bank of Southern Africa and the South African Revenue Services.

This is due to non-payments and penalties charged.

* See Note 51

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*

54. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Incidents/cases identified in the current year include those listed below		
Interest on overdue account	32 532 581	15 106 475
Penalties	18 596	548 238
Arrears year interest	5 485 570	5 116 525
	38 036 747	**20 771 238**

No criminal or disciplinary action was taken against any individual or official of the municipality for fruitless and wasteful expenditure incurred in the current financial year

* See Note 51

Figures in Rand	Note(s)	2023	2022 Restated*

54. Fruitless and wasteful expenditure (continued)

Amounts written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 77 701 191 from the total fruitless and wasteful expenditure amount.

2016/2017	3 640 723	-
2017/2018	6 713 553	-
2018/2019	21 785 648	-
2019/2020	24 790 029	-
2021/2022	20 771 237	-
	77 701 190	**-**

55. Irregular expenditure

Opening balance as previously reported	428 545 526	302 354 253
Correction of prior period error	1 178 115	-
Opening balance as restated	**429 723 641**	**302 354 253**
Add: Irregular Expenditure - current year	141 736 640	126 191 273
Less: Amount written off by council - prior years	(177 198 489)	-
Closing balance	**394 261 792**	**428 545 526**

Irregular expenditure is always calculated inclusive of VAT, while the 2021 amounts and the opening balance disclosed in the comparative figures have been presented in the annual financial statement exclusive of VAT.

* See Note 51

Figures in Rand	Note(s)	2023	2022 Restated*

55. Irregular expenditure (continued)

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

Competitive bidding not invited	79 536 509	12 234 411
Three written quotations not invited	-	76 393
Non-compliance with legislation on contracts/Non-compliance with procurement processes	62 200 131	113 880 469
	141 736 640	**126 191 273**

Particulars of irregular expenditure written off

No criminal or disciplinary action was taken against any individual or official of the municipality for irregular expenditure incurred in the current financial year. The process to investigate the irregular expenditure incurred in the current year has not commenced.

Administrative errors/ommissions	5 109 172	-
Internal control deficiencies	46 146 663	-
Failure to comply with laws and regulations	117 844 067	-
Inadequate design of tender documents	8 098 587	-
	177 198 489	**-**

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government - SALGA

Current year subscription / fee	2 343 032	1 957 254

* See Note 51

Figures in Rand	Note(s)	2023	2022 Restated*

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

Audit fees

Opening balance	815 889	3 642
Current year subscription / fee	4 456 344	5 485 113
Amount paid - current year	(5 289 300)	(4 672 866)
	(17 067)	**815 889**

PAYE and UIF

Opening balance	2 530 447	2 232 905
Current year subscription / fee	35 361 959	31 671 016
Amount paid - current year	(35 145 381)	(31 373 474)
	2 747 025	**2 530 447**

Pension and Medical Aid Deductions

Opening balance	4 205 177	3 962 899
Current year subscription / fee	52 489 810	49 036 024
Amount paid - current year	(52 224 366)	(48 793 745)
	4 470 621	**4 205 178**

VAT

VAT receivable	56 921 319	31 034 819

* See Note 51

Figures in Rand	Note(s)	2023	2022 Restated*

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

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

Electricity

		Lost Units	Value
30 June 2023	Unaccounted Electricity Losses	13 445 728	21 908 882
30 June 2022	Unaccounted Electricity Losses	17 110 390	24 618 069

Electricity Losses occur due to technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections).

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

Volumes in kWh/year:		
System Input Volume	89 132 655	104 449 667
Billed Consumption	(75 686 927)	(87 339 277)
Distribution Loss	**13 445 728**	**17 110 390**
Percentage Distribution Loss	15,09 %	16,38 %
Loss (R):	21 908 882	24 618 069

Water

		Lost Units	Value
30 June 2023	Unaccounted Water Losses	4 395 546	25 688 550
30 June 2022	Unaccounted Water Losses	3 124 005	18 958 562

Water Losses occur due to leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections.

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

Opening Balance Water Stock	32 554	32 102
System Input Volume	6 004 355	5 614 720
Billed Consumption	(1 605 312)	(2 490 264)
Closing Balance Water Stock	(36 051)	(32 554)
Distribution Loss	**4 395 546**	**3 124 004**
Percentage Distribution Loss	73,00 %	55,64 %
Loss	25 688 550	18 958 562

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

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

* See Note 51

Figures in Rand	Note(s)	2023	2022 Restated*

56. 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 2023:

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. O.E. Hantise	20 458	-	20 458
Cllr. H. du Plessis	2 602	-	2 602
Cllr. E.T. Tiroyame	1 644	-	1 644
Cllr. J.J.T. Roman	5 552	19 608	25 160
Cllr. A.M. Caetano	4 615	-	4 615
Cllr S.S Mines	1 550	-	1 550
	36 422	**19 608**	**56 029**

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. O.E. Hantise	911	17 762	18 673
Cllr. H. du Plessis	5 003	-	5 003
Cllr. E.T. Tiroyame	2 121	17 878	19 999
Cllr. J.J.T. Roman	3 259	31 740	34 999
Cllr. A.M. Caetano	5 521	-	5 521
Cllr D.P. Seetile (Term ended Oct 2021)	1 878	2 113	3 991
Cllr. A. Booysen (Term ended Oct 2021)	1 736	13 768	15 504
Cllr. M.K. Orpen (Term ended Oct 2021)	1 561	10 077	11 638
Cllr. C.V. Joseph (Term ended Oct 2021)	(9)	-	(9)
Cllr. H.J. Fourie (Term ended Oct 2021)	14 437	197 616	212 053
	36 418	**290 954**	**327 372**

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

* See Note 51

57. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Supplier Name	Contract or Service Rendered	Responsible Person	Order Number / GRN Number	External Payment Reference	Description of Incident	Discovery Date	Amount Excl VAT	Amount Incl VAT	Catego of Regula 36
WALKER INDUSTRIA	Fleet mechanical services	Mr. Seetile	F0000233	16875,00	Payment to walker Iveco for additional work done for order F0000075	20220730,00	7 795,30	8 964,59	Reg 36
WALKER INDUSTRIA	Fleet mechanical services	Mr. Seetile	F0000075	16362,00	Replacement of Engen for the Fire Iveco Truck. The service had to be executed by an Iveco service centre.	20220816,00	250 265,70	287 805,56	Reg 36
KATHU IND AND CHEMICAL SUPPLIES	Office Cleaning	Mr. Seetile	F0000225	18865,00	Approval of Deviation for Cleaning of the Offices	20220922,00	10 712,29	12 319,13	Reg 36
THETHAKN BUSINESS GROUP	Printing of long service certificates	Mr. Seetile	F0000222	17224,00	Variation to an order. Additional work done to existing order F0000290.	20221019,00	8 550,00	9 832,50	Reg 36
MORGAN NISSAN STELLALAND	Fleet mechanical services	Mr Seetile	F0000256	17234,00	Service for UD Truck CXL475NC. The truck is still under warranty and can only be serviced by Nissan	20221024,00	11 139,84	12 810,82	Reg 36

* See Note 51

57. Deviation from supply chain management regulations (continued)

UPINGTON TREKKERS EN IMPLEMEN	Fleet mechanical services	Mr. Seetile	F00011 21	18308,00	Repair of the tractor on an emergency basis. The supplier specialises with repairing tractors and they had to do strip and quote.	20230502,00	173 115,65	199 083,00	Reg 36
KULEVA PROJECTS	Civil works maintenance	Mr. Ositang	F00005 27	17506,00	Repair of Telemetry System	20221214,00	26 359,00	26 359,00	Reg 36
LYNX TYRES	Supply, repair and installation of tyres	Mr. Seetile	F00006 07	17542,00	Emergency call out for replacement of tyres for Fire Truck during fire emergency	20221206,00	21 591,30	24 830,00	Reg 36
NJ MULTI SPILLAGE CONTROL AND CONTRACTOR S	Civil works maintenance	Mr. Ositang	F00006 59	17645,00	Emergency repair of water pipe bursts alongside at Hendric Van Eck Road	20230117,00	344 760,00	396 474,00	Reg 36
KURARA FM	Radio station	Mr. Seetile	F00007 01	17688,00	IDP presentation at Kurara FM	20221214,00	8 500,00	9 775,00	Reg 36
MEDIA24	Newspaper	Mr. Seetile	F00012 31	18491,00	Vacancy in national newspaper	20230530,00	22 060,00	25 369,00	Reg 36
MEDIA24	Newspaper	Mr. Seetile	F00007 47	17740,00	Request for advert in City Press	20230131,00	21 060,00	24 219,00	Reg 36
OLIFANTSHOE K TEST STATION	Vehicle road worthiness testing	Mr. Seetile	F00004 48	17346,00	Vehicles to go for a roadworthy test	20221108,00	3 300,00	3 300,00	Reg 36(
OLIFANTSHOE K TEST STATION	Vehicle road worthiness testing	Mr. Seetile	F000067	17700,00	Vehicles to go for a roadworthy test	20230109,00	3 300,00	3 300,00	Reg 36(
OLIFANTSHOE K TEST STATION	Vehicle road worthiness testing	Mr. Seetile	F00007 94	17781,00	Vehicles to go for a roadworthy test	20230201,00	960,00	960,00	Reg 36(

57. Deviation from supply chain management regulations (continued)

OLIFANTSHOEK TEST STATION	Vehicle road worthiness testing	Mr. Seetile	F000132	18566,00	Vehicles to go for a roadworthy test	20230608,00	3 300,00	3 300,00	Reg 36(
INITIUM DESIGN AND DRAUGHTING	Fleet mechanical services	Mr. Seetile	F00008 28	18284,00	Repair the bucket and step of Hitachi frontend loader CLK 901 NC	20230503,00	159 309,98	183 206,48	Reg 36
KATHU LOCKSMITH AND SIGNS	Lock Smith services	Mr. Seetile	F00008 09	17827,00	Purchase of 5 sets of number plates of fire station size 520x120	20230213,00	2 100,00	2 100,00	Reg 36
KATHU SERVICE CENTER	Fleet mechanical services	Mr. Seetile	F00008 35	17877,00	Emergency repair and service of firefighting truck by kathu service centre	20230221,00	8 991,57	8 991,57	Reg 36
AURORA ALCOHOL AND DRUG CENTRE	Rehabilitation centre	Mr. Seetile	F00009 43	18072,00	Rehabilitation for Mr TG Goraamang	March 2023	33 304,35	38 300,00	Reg 36
KATHU SERVICE CENTER	Fleet mechanical services	Mr. Seetile	F00009 35	18075,00	Emergency repair of municipal vehicle-fire department vehicle	20230316,00	2 920,99	2 920,99	Reg 36
NEELO E NTLE TRADING ENTERPRISE	Plant rental	Mr. Ositang	F00006 62	17680,00	Hiring of Booster pump to unblock Siyathemba sewer line	20230119,00	125 000,00	143 750,00	Reg 36
NEELO E NTLE TRADING ENTERPRISE	Plant rental	Mr. Ositang	F00011 27	18439,00	Hiring of Trailer unit to unblock sewer at Olifantshoek	20230430,00	125 000,00	143 750,00	Reg 36
RAND DATA FORMS	Printing	Mr. Loeto	F00010 82	18275,00	Traffic: section 56 general books-Sole provider	20230424,00	8 970,00	8 970,00	Reg 36
KHUTSHO SOLUTIONS	Graphic design	Mr. Seetile	F00012 25	18482,00	Official Identity Cards and media posts	20230530,00	13 846,00	13 846,00	Reg 36

* See Note 51

57. Deviation from supply chain management regulations (continued)

SAPPHIRE DAWN TRADING 24	Newspaper	Mr. Seetile	F00011 78	18412,00	Correction of advert placed in the Kathu Gazette	20230519,00	954,00	1 097,10	Reg 36
SAPPHIRE DAWN TRADING 24	Newspaper	Mr. Seetile	F00011 73	18411,00	Correction of advert placed in the Kathu Gazette	20230522,00	1 166,00	1 340,90	Reg 36
IKAGELENG ENTERPRISES	Fleet mechanical	-	F000129	18588,00	Repair UD truck with re	20230614,00	7 527,72	8 656,88	Reg 36
WORKSHOP ELECTRONICS	Calibration of traffic equipment	Mr. Loeto	F000134	18900,00	Calibration of traffic equipment. Only Workshop Electronics does the calibration	20230623,00	23 919,00	27 506,85	Reg 36(
SELENANE	Construction of Sewer Network - Dibeng Phase 4	Mr. Ositang	F000124	18508,00	The Construction for Dibeng Sewer Network Phase 4	20230523,00	1 367 253,30	1 572 341,30	Reg 36
SELENANE	Construction of Sewer Network - Dibeng Phase 4	Mr. Ositang	F000142	18659,00	The Construction for Dibeng Sewer Network Phase 5	20230622,00	3 220 969,05	3 704 114,41	Reg 36
SELENANE	Construction of Sewer Network - Dibeng Phase 4	Mr. Ositang	F000143	18658,00	The Construction for Dibeng Sewer Network Phase 6	20230630,00	1 477 667,65	1 699 317,80	Reg 36
FRAQUR 143	Funeral parlour	Mr. Seetile	F000075	17746,00	Municipal support: Indig	20230207,00	900,00	900,00	Reg 36
FRAQUR 143	Funeral parlour	Mr. Seetile	F000095	18088,00	Municipal support: Indig	20230323,00	2 127,50	2 127,50	Reg 36
FRAQUR 143	Funeral parlour	Mr. Seetile	F000107	18234,00	Municipal support: Indig	20230424,00	3 000,00	3 000,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000076	17788,00	Municipal support: Indig	20230208,00	3 000,00	3 000,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000076	17786,00	Municipal support: Indig	20230208,00	3 000,00	3 000,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000076	17787,00	Municipal support: Indig	20230208,00	900,00	900,00	Reg 36

* See Note 51

57. Deviation from supply chain management regulations (continued)

AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000077	17789,00	Municipal support: Indig	20230208,00	900,00	900,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000076	17785,00	Municipal support: Indig	20230208,00	3 000,00	3 000,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000109	18261,00	Municipal support: Indig	20230426,00	3 000,00	3 000,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000130	18589,00	Municipal support: Indig	20230619,00	3 000,00	3 000,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000130	18590,00	Municipal support: Indig	20230619,00	2 700,00	2 700,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000141	18662,00	Municipal support: Indig	20230630,00	3 000,00	3 000,00	Reg 36
AWRILL RHUDINESHEA MOORCROFT	Funeral parlour	Mr. Seetile	F000142	18663,00	Municipal support: Indig	20230630,00	900,00	900,00	Reg 36
OTR SERVICES	Supply, repair and installation of tyres	Mr. Seetile	F000129	18586,00	Call-Out to repair tyre for fire truck Iveco	20230615,00	1 540,00	1 771,00	Reg 36
OTR SERVICES	Supply, repair and installation of tyres	Mr. Seetile	F000129	18587,00	Call-Out to repair tyre for fire truck and Ford Ranger	20230615,00	1 550,00	1 782,50	Reg 36
				-		-			
				-		-	7 528 186,19	8 641 892,88	
				-		-			

* See Note 51

Figures in Rand	2023	2022

58. Contingencies

Contingent liabilities incurred relating to interests in other entities

Curro Holdings [1]	120 000	120 000
Resilient Properties [2]	500 000	500 000
Imatu obo Muzaza [3]	300 000	1 000 000
Samwu obo Dorfling [4]	120 000	120 000
Dorfling CH & A [5]	200 000	1 100 000
Case No: 2667/18 Amadwala Constuction Trading 363 CC [6]	4 900 000	4 900 000
De Almeida [7]	200 000	100 000
Minister of Water and Sanitation [8]	200 000	100 000
Unlawful Occupiers Erf 1424 (Next to Engen) [9]	100 000	100 000
Unlawful Occupiers Erf 1425 & 1336 (Landfill Site) [10]	100 000	100 000
Unlawful Occupiers Erf 3036 [11]	100 000	100 000
Unlawful Occupiers- Olifantshoek- Erf 1264 [12]	100 000	100 000
Unlawful Occupiers - Khoisan Eviction [13]	100 000	100 000
Rosma Beleggings [14]	300 000	300 000
Motsemme [15]	300 000	2 000 000
Ras E [16]	47 751	-
Ntlangani Group of Companies [17]	500 000	-
Sishen Iron Ore Company [18]	500 000	-
Ikageng Solutions CC [19]	100 000	-
JH Vorster t/a Kathu Dierekliniek [20]	150 000	-
	8 937 751	**10 740 000**

[1] Curro Holdings - A dispute is referred in terms of the Credit Control and Debt Collection Policy regarding the municipal account of approximately R548 201,91 is in dispute. Should the Municipality dismiss the dispute..

[2] Resilient Properties (Pty) Ltd - Relief seeked for declatory order and mandamus.

[3]Imatu obo Muzaza - Claim for restrospective increase.

[4] SAMWU obo Dorfling - Labour Court dispute

[5] Dorfling CH & A Enrichment claim.

[6] Claim for services rendered by the plaintiff in the sum of R3 400 000. Matter is defended and exchange of pleadings has closed. Estimate of R4 900 000 includes claim amount and possible litigation.

[7] De Almeida - An application was launched to interdict the Municipality from disconnecting the electricity supply pending the review of the Municipality's decision..

[8] Minister of Water & Sanitation - The minister has a claim ofapproximately R2 000 000,00. The parties are busy with the IOF act to exchange documents to determine whether the municipality has any accountability in the matter.

[9] Unlawful Occupiers Erf 1424 (Next to Engen) - Eviction for unlawful occupation of land, various occupiers invaded land which belongs to the Municiaplity. The land in question is registered in municipal name and respondents have invaded the land. The municipality has launched an application to evict the illegal occupants.

Figures in Rand	2023	2022

58. Contingencies (continued)

[10] Unlawful Occupiers Erf 1425 & 1336 (Landfill Site) - Eviction for unlawful occupation of land, various occupiers invaded land which belongs to the Municiaplity. The landfill site is registered in municipal name and respondents have invaded the land. The municipality has launched an application to evict the illegal occupants.

[11] Unlawful Occupiers Erf 3036 - Eviction for unlawful occupation of land, various occupiers invaded land which belongs to the Municiaplity. The respondents have invaded land which is registered in the name of the municipality. The municipality has launched an application to evict the illegal occupants.

[12] Unlawful Occupiers- Olifantshoek- Erf 1424 - Eviction for unlawful occupation of land, various occupiers invaded land which belongs to the Municiaplity. The Olifantshoek land is registered in municipal name and respondents have invaded the land. The municipality has launched an application to evict the illegal occupants.

[13] Unlawful Occupiers - Khoisan Eviction - Eviction for unlawful occupation of land, various occupiers invaded land which belongs to the Municiaplity. The property is registered in municipal name and respondents have invaded the land. The municipality has launched an application to evict the illegal occupants

[14] Rosma Beleggings - An application was launched against the Municipality to interdict the Municipality to reconnect the electricity supply.

[15] Motsemme - Claim in the amount ot R1 700 000,00 for damages, past and future medical expenses and past and future loss of earnings due to accident.

[16] Ras E - Motor Vehicle Collision.

[17] Ntlangani Group of Companies - Applicant refer a claim to the Arbitration Foundation of Southern Africa claiming an amount in excess of R14 million relating to the provision of a pre-paid electricity vendor system.

[18] Sishen Iron Ore Company - Claim in the amount of R61 million.

[19] Ikageng Solutions CC - An application was launched to evict Ikageng as well as any person wo purports to hold occupancy through Ikageng Solution CC.

[20] JH Vorster t/a Kathu Dierekliniek - Claim in the amount of R15 683.03 in respect of refuse removal and the amount of R127 073.28 in respect of property taxes.

* See Note 51

Figures in Rand	2023	2022

59. Accounting by principals and agents

Entity as agent

Revenue received for agency activities

Agency Service - third party	489 701	601 554

Reconciliation of movement of funds between principal and agent

2023	Total principal-agency arrangements funds transferred	Expenditure incurred against funds	Resources (assets and liabilities) under custodianship of agent	Fees paid to agent
Department of Transport	4 245 514	-	-	489 701

2022	Total principal-agency arrangements funds transferred	Expenditure incurred against funds	Resources (assets and liabilities) under custodianship of agent	Fees paid to agent
Department of Transport	5 088 613	-	-	601 554

The municipality is a party to a principal-agent arrangement. Judgement is applied in assessing whether the municipality is the principal or agent. The agreement requires the municipality to perform all the registering and testing function on behalf of the Northern Cape Department of Transport which consist of motor vehicle registration and licensing, driving license test center functions and vehicle test station functions. The municipality is an agent to the agreement as they are only entitled to commission amount and deposits all the net amount received for services rendered to the provincial department. The total agency compensation received is reflected as agency services revenue on the face of the statement of financial performance. There has not been any significant changes to the arrangement during the current financial year

There was no remittance of any resources during the period as the municipality does not have custodianship of resources held on behalf of the Department of Transportt

There are no risks that are transferred from the Department of Transport to the Municipality as the municipality does not have custodianship over the resources held on behalf of the principal (Department of Transport).

There are no liabilities incurred on behalf of the Department of Transport that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets

Carrying value of resources held on behalf of the Principal

Cash and cash equivalents held on behalf of the Department of transport and Prodiba	29 573 737	26 671 372

Entity as principal

Resources (including assets and liabilities) of the municipality under the custodianship of the agent

Opening balance Cash held by Agent	35 086 768	24 889 806
Cash received by Agent	120 299 854	126 171 535
Cash Paid by Agent	(92 944 974)	(115 974 573)
	62 441 648	**35 086 768**

* See Note 51

Figures in Rand	2023	2022

59. Accounting by principals and agents (continued)

Fee paid

Commission paid as compensation to the agent	6 859 469	7 075 506

The municipality is a party to a principal-agent arrangement. Judgement is applied in assessing whether the municipality is the principal or agent. The Municipality is a principal to an agreement with Ntlangani Group of Companies (Pty) Ltd (NGC) to sell prepaid water and electricity to customers on behalf of the municipality. NGC ensures that sale proceeds are deposited to the Municipality's nominated bank account not later than 24 hour, and in the event that the next day is a weekend or public holiday, the deposit should be processed on the next business day. The total commission paid is reflected as commission paid-prepaid water and electricity in the face of the statement of financial performance. There has not been any significant changes to the arrangement during the current financial year.

Risks to the municipality if the principal-agent arrangement is terminated

There is a risk transferred to the municipality in this arrangement as Ntlangani has custody of the municipality' s funds after collecting. In the event that the service is terminated, there is a risk of failure to collect the cash held by Ntlangani, if Ntlangani does not promptly pay this cash held after termination.

60. Cash generated from operations

(Deficit) surplus	(85 620 604)	29 418 733
Adjustments for:		
Depreciation and amortisation	53 201 667	55 155 272
(Loss) gain on sale of assets and liabilities	(11 535)	3 289 658
Fair value adjustments	(2 355 917)	(30 296 571)
Impairment deficit	1 515 661	2 349 795
Debt impairment	24 547 233	7 353 949
Bad debts written off	30 569 575	17 734 185
Movements in operating lease assets and accruals	2 336	12 335
Movements in retirement benefit assets and liabilities	(3 890 000)	5 468 000
Movements in provisions	13 514 214	(10 151 588)
Movement in other financial liabilities	1 730 549	5 116 525
Other non-cash items		
Change in provision obligation	(10 646 200)	10 572 305
Donated assets	(850 000)	(16 681 292)
Property, plant and equipment	-	4 790 550
Investment property	-	(5 970 186)
Receivables	(20 714)	18 656 643
Payables	-	(29 454 782)
Changes in working capital:		
Inventories	175 759	320 931
Other trade receivables from exchange transactions	36 585	(11 285 684)
Consumer debtors	(87 766 212)	(79 933 330)
Payables from exchange transactions	129 671 391	45 878 569
VAT	(25 886 500)	1 692 733
Taxes and transfers payable (non-exchange)	(1 106 660)	1 289 249
Unspent conditional grants and receipts	(9 797 153)	(10 107 195)
Consumer deposits	993 707	618 325
	28 007 181	**15 837 129**

61. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

* See Note 51

Figures in Rand	2023	2022

61. Financial instruments disclosure (continued)

	At amortised cost	Total
Trade receivables	4 127 039	4 127 039
Receivables from non-exchange transactions	102 679 144	102 679 144
Receivables from exchange transactions	285 342 549	285 342 549
Cash and cash equivalents	13 190 568	13 190 568
	405 339 300	**405 339 300**

Financial liabilities

	At amortised cost	At cost	Total
Other financial liabilities	49 516 483	-	49 516 483
Payables from exchange transactions	613 934 903	-	613 934 903
Payables from non-echange	-	42 163 953	42 163 953
	663 451 386	**42 163 953**	**705 615 339**

2022

Financial assets

	At amortised cost	Total
Trade receivables	3 946 292	3 946 292
Receivables from non-exchange transactions	103 021 362	103 021 362
Receivables from exchange transactions	255 981 276	255 981 276
Cash and cash equivalents	19 253 258	19 253 258
	382 202 188	**382 202 188**

Financial liabilities

	At amortised cost	At cost	Total
Other financial liabilities	47 785 934	-	47 785 934
Payables from exchange transactions	483 183 963	-	483 183 963
Payables from non-exchange	-	42 270 125	42 270 125
	530 969 897	**42 270 125**	**573 240 022**

62. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Infrastructure	27 129 192	25 741 750
Total capital commitments		
Already contracted for but not provided for	27 129 192	25 741 750

Authorised operational expenditure

This committed expenditure relates to infrastructre projects and are grant funded.

The commitments are exclusive of VAT.

* See Note 51

Figures in Rand	2023	2022

63. Risk management

Liquidity risk

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

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

At 30 June 2023	Less than 1 year	Greater than 1 year
Payables from exchange transactions	613 934 903	-
Payables from non-exchange transactions	42 163 953	-
Other financial liabilities	49 516 483	-
Consumer deposits	7 526 411	-
Employee benefit obligation	2 637 000	53 453 000
Unspent conditional grants	1 456 871	-

At 30 June 2022	Less than 1 year	Greater than 1 year
Payables from exchange transactions	483 188 963	-
Payables from non-exchange transactions	42 270 125	-
Other financial liabilities	47 785 934	-
Consumer deposits	6 532 704	-
Employee benefit obligation	3 473 000	56 507 000
Unspent conditional grants	11 254 024	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and accounts receivable. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to these customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the group of customers, taking into account their financial position, past experience and other factors

Credit risk arises from cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	2023	2022
Receivables from exchange	356 661 341	304 678 071
Impairment on receivables from exchange transactions	(71 318 792)	(51 984 924)
Receivables from non-exchange transactions	127 832 600	122 227 941
Impairment on receivables from non-exchange transactions	(26 168 132)	(20 941 753)
Cash and cash equivalents	13 190 568	19 253 258

Market risk

Figures in Rand	2023	2022

63. Risk management (continued)

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the municipalty calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

The municipality does not have any financial assets and financial liabilities on a variable interest rate and therefore there is currently no exposure to the interest rate risk.

64. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality.These services are delivered in various municipal departments, which for reporting purposes are allocated to a standarised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments isused by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

Reportable segment	Goods and/or services
Energy sources	This segment consists of all services for energy supply to the community
Environmental protection	This segment consists of environmental services such as planning & development, environmental protectin and roads & storm water
Executive and council	This segment consists of services such as executive services, support services to the executive and finance & administration services
Finance and administration	Provision of financial and administrative services to other segments of the municipality
Planning and development	Provision of planning and development including policy and procedures. Co-ordination work relating to the preparation of the Annual Development Programme and its review
Road transport	Construction and maintenance of roads and infrastructure owned by the municipality
Sport and recreation	Provision of advancement of participation in sport and recreation, Fast-tracking the revival ofsport, Talent identification and optimization of talent, Empowerment programmes
Waste water management	This segment consists of services for the management of waste water in the municipal area.
Waste management	This segment consists of services for the management of refuse in the municipal area.
Water management	This segment consists of services for the management of water, refuse in the municipal area.

* See Note 51

64. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administration	Planning and development	Road transport	Sport and recreation	Waste water management	Waste management	Water management	Total
Revenue												
Revenue from non-exchange transactions												
Property rates	-	-	-	-	153 308 348	-	-	-	-	-	-	153 308 348
Government grants and subsidies	3 210 000	10 000 000	-	53 714 955	999 026	-	5 838 069	-	-	-	13 458 000	87 220 050
Licences and permits	-	-	1 086	-	-	-	1 511 874	-	-	-	-	1 512 960
Public contributions and donations	-	-	-	-	-	-	850 000	-	-	-	-	850 000
Fines, penalties and forfeits	889	285 086	-	-	-	70 827	376 650	-	-	-	-	733 452
Availability charges	-	15 115 923	-	-	-	-	-	-	11 948 523	-	13 658 575	40 723 021
Revenue from exchange transactions												
Rendering of services	-	163 790 843	-	-	-	-	-	-	30 296 297	38 567 797	41 663 415	274 318 352
Rental of facilities and equipment	-	-	-	886 819	1 242 997	-	-	-	-	-	-	2 129 816
Interest received	-	-	-	35 582 419	-	-	-	-	-	-	-	35 582 419
Agency fees	-	-	-	-	-	-	489 701	-	-	-	-	489 701
Interest received - investment	47 113	315 321	-	-	726 948	2 454 958	-	-	258 958	-	655 149	4 458 447
Other income	-	-	-	-	471 503	-	-	-	-	-	-	471 503
Total segment revenue	**3 258 002**	**189 507 173**	**1 086**	**90 184 193**	**156 748 822**	**2 525 785**	**9 066 294**	**-**	**42 503 778**	**38 567 797**	**69 435 139**	**601 798 069**

* See Note 51

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administration	Planning and development	Road transport	Sport and recreation	Waste water management	Waste management	Water management	Total
64. Segment information (continued)												
Expenditure												
Employee costs	(21 384 957)	(12 175 890)	-	(9 457 690)	(61 963 561)	(18 668 483)	(16 180 281)	(31 249 071)	(11 321 246)	(16 782 326)	(1 245 652)	200 429 157)
Remuneration of councillors	-	-	-	(6 098 646)	-	-	-	-	-	-	-	(6 098 646)
Depreciation, amortisation and impairment	-	(7 262 208)	-	-	(9 065 595)	-	(10 187 492)	(4 819 968)	(9 302 768)	(3 370 749)	(10 708 549)	(54 717 329)
Finance costs	-	(37 978 855)	-	-	(6 848 893)	-	-	-	-	(2 868 013)	-	(47 695 761)
Bulk purchases	-	144 867 742)	-	-	-	-	-	-	-	-	-	144 867 742)
Repairs and maintenance	(13 500)	(7 833 959)	-	-	(4 943 753)	-	(1 737 111)	(40 117)	(526 201)	-	(3 369 124)	(18 463 765)
Bad debts written off	-	(282 510)	-	-	(13 243 746)	-	-	-	(4 121 765)	(7 355 226)	(5 566 328)	(30 569 575)
General expenses	(23 371 751)	(334 010)	-	(7 053 036)	(83 541 915)	(588 126)	(1 180 057)	(235 750)	(1 498 164)	(80 977)	(18 456 062)	136 339 848)
Lease rentals on operating lease	-	-	-	-	(4 481 467)	-	-	-	-	-	-	(4 481 467)
Interest discount	-	-	-	-	(4 932 996)	-	-	-	-	-	-	(4 932 996)
Loss on disposal of assets and liabilities	-	-	-	-	11 535	-	-	-	-	-	-	11 535
Fair value adjustments	-	-	-	-	2 355 917	-	-	-	-	-	-	2 355 917
Actuarial gains/losses	-	-	-	-	11 864 751	-	-	-	-	-	-	11 864 751
Debt impairment	-	(9 948 613)	-	-	(9 750 172)	-	-	-	-	(3 332 199)	(1 516 249)	(24 547 233)
Water inventory consumed	-	-	-	-	-	-	-	-	-	-	(2 818 803)	(2 818 803)
Inventory losses/write down	-	-	-	-	-	-	-	-	-	-	(25 688 550)	(25 688 550)
Total segment expenditure	**(44 770 208)**	**220 683 787)**	**-**	**(22 609 372)**	**184 539 895)**	**(19 256 609)**	**(29 284 941)**	**(36 344 906)**	**(26 770 144)**	**(33 789 490)**	**(69 369 317)**	**687 418 669)**
Surplus for the year	**(41 512 207)**	**(31 176 614)**	**1 086**	**67 574 820**	**(27 791 070)**	**(16 730 824)**	**(20 218 647)**	**(36 344 905)**	**15 733 633**	**4 778 304**	**65 822**	**(85 620 602)**

* See Note 51

64. Segment information (continued)

2022

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administration	Planning and development	Road transport	Sport and recreation	Waste water management	Waste managment	Water management	Water management	Total
Revenue													
Revenue from non-exchange transations													
Property rates	-	-	-	-	148 327 145	-	-	-	-	-	-		148 327 145
Government grants and subsidies	725 373	4 840 819	-	45 435 000	2 454 812	-	3 263 654	-	-	-	7 907 992		64 627 650
Licences and permits	-	-	2 299	-	-	-	1 375 027	-	-	-	-		1 377 326
Public contributions and donations	563 206	-	-	-	1 529 790	-	16 118 087	-	-	-	-		18 211 083
Fines, penalties and forfeits	281	203 105	-	-	-	5 285	556 472	-	-	-	-		765 143
Availability charges	-	13 657 787	-	-	-	-	-	-	11 869 577	-	13 252 566		38 779 930
Revenue from exchange transactions													
Rendering of services	-	181 207 013	-	-	-	-	-	-	31 018 912	37 419 422	46 313 578		295 958 925
Rental of facilities and equipment	-	-	-	795 682	1 232 265	-	-	-	-	-	-		2 027 947
Interest received	-	-	-	29 143 871	-	-	-	-	-	-	-		29 143 871
Agency fees	-	-	-	-	-	-	601 554	-	-	-	-		601 554
Interest received - investment	-	-	-	-	492 380	-	-	-	-	-	-		492 380
Other income	66 612	603 947	-	-	766 516	3 007 188	-	-	14 652	-	1 573 769		6 032 684
Total segment revenue	**1 355 472**	**200 512 671**	**2 299**	**75 374 553**	**154 802 908**	**3 012 473**	**21 914 794**	**-**	**42 903 141**	**37 419 422**	**69 047 905**		**606 345 638**
													-

64. Segment information (continued)

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administration	Planning and development	Road transport	Sports and recreation	Waste water management	Water management	Water management	Total
Expenditure												
Employee costs	(18 336 685)	(10 513 844)	-	(7 787 727)	(61 866 895)	(14 166 044)	(16 198 548)	(28 121 078)	(11 183 988)	(17 456 241)	(17 629 709)	(203 260 759)
Remuneration of councillors	-	-	-	(5 741 114)	-	-	-	-	-	-	-	(5 741 114)
Depreciation, amortisation and impairment	-	(12 163 801)	-	-	(9 143 943)	-	(9 960 378)	(4 855 862)	(9 376 567)	-	(12 004 414)	(57 504 965)
Finance costs	-	(19 887 011)	-	-	(5 734 989)	-	-	-	-	(420 716)	-	(26 042 716)
Bulk purchases	-	(149 968 357)	-	-	-	-	-	-	-	-	(6 048 726)	(156 017 083)
Repairs and maintenance	(15 425)	(3 085 633)	-	-	(1 553 362)	-	(1 593 156)	(49 405)	(552 721)	-	(1 216 294)	(8 065 996)
Bad debts written off	-	(581 057)	-	-	(7 128 825)	-	-	-	(1 828 305)	(4 617 813)	(3 578 184)	(17 734 184)
General expenses	(19 568 204)	(482 368)	-	(4 244 191)	(77 104 562)	(492 179)	(1 049 974)	(206 493)	(146 507)	(59 225)	(14 269 105)	117 622 808)
Lease rentals on operating lease	-	-	-	-	(6 933 812)	-	-	-	-	-	-	(6 933 812)
Loss on disposalof assets and liabilities	-	-	-	-	(3 289 658)	-	-	-	-	-	-	(3 289 658)
Fair value adjustments	-	-	-	-	30 296 571	-	-	-	-	-	-	30 296 571
Actuarial gains/losses	-	-	-	-	2 343 566	-	-	-	-	-	-	2 343 566
Debt impairment	-	-	-	-	(7 353 949)	-	-	-	-	-	-	(7 353 949)
Total segment expenditure	**(37 920 314)**	**(196 682 071)**	**-**	**(17 773 032)**	**(147 469 858)**	**(14 658 223)**	**(28 802 056)**	**(33 232 838)**	**(23 088 088)**	**(22 553 995)**	**(54 746 432)**	**(576 926 907)**
(Deficit)/Surplus for the year	**(36 564 842)**	**3 830 600**	**2 299**	**57 601 522**	**7 333 052**	**(11 645 750)**	**(6 887 262)**	**(33 232 838)**	**19 815 053**	**14 865 427**	**14 301 474**	**29 418 736**

Measurement of segment surplus or deficit, assets and liabilities

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

* See Note 51

Figures in Rand	2023	2022

64. Segment information (continued)

be disclosed

The nature and effect of any asymmetrical allocations to reportable segments

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

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

Information about geographical areas

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

65. Events after the reporting date

On the 30th 0f August 2023 a council resolution was passed to write off irregular and fruitless and wasteful expenditure. This follows an investigation that was conducted by MPAC before the end of the financial year. Council had at its sitting on 28 February 2023 resolved to note the irregular, fruitless and wasteful expenditure and referred these to MPAC for investigation. Management has considered this to be an adjusting subsequent event.

- Irregular expenditure - R177 198 489
- Fruitless and wasteful expenditure - R77 701 191

66. Interest discount allowed

Interest discount		
Cash discount	4 932 996	-

The municipality give customers a cash discount on full settlement of the outstanding debt. The municipality started in July 2022 to allow these discounts.

67. Change in estimate

Property, plant and equipment

During the review of the remaining useful life (RUL) of certain property, plant and equipment, certain assets were deemed for adjustment. These assets relate to those in use with a zero RUL and/or will depreciate to zero within the next 24 months. These assets were identified at the beginning of the reporting period and the assets that abided by this rule were adjusted to reflect their condition rating at year end. The effect of this revision has increased the depreciation charges for the current and future periods by R 615 453

* See Note 51