AMATHOLE
DISTRICT MUNICIPALITY

Annual Financial Statements
for the year ended 30 June 2024

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General Information

Country of incorporation and domicile	: South Africa
Legal form of entity	: Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	: The provision of services (water, sanitation and fire) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations	: Constitution of the Republic of South Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act 56 of 2003 Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Division of Revenue Act (Act 24 of 2024) Municipal Demarcation Act 27 of 1998 Laws Amendment Act 51 of 2002 Constitution of the Republic of South Africa Act No. 108 as amended Water Service Act 108 of 1997 Basic Conditions of Employment Act 75 of 1997 Labour Relations Act 66 of 1995 Remuneration of the Public Office Bearers Act 20 of 1998 Housing Act 107 of 1997 Local government transitions Act 209 of 1993 Local government transitions Act Second 97 of 1996 Local government: Municipal Planning and Performance Management Regulations 2001 Local government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006 Supply Chain Management Regulations 2005 Value Added Tax Act 89 of 1991, and Unemployment Insurance Act 30 of 1996 Compensation for Occupational Injuries and Diseases Act 130 of 1993

Executive/Mayoral Committee

Executive Mayor	: Ntsangani, A	
Speaker	: Mgunculu, O	
Chief Whip	: Rulashe, N	
Member of Mayor Committee	: Madikane, B.A (Corporate Services Human Resources Management)	
Member of Mayor Committee	: Mngxaso, X (Spatial Planning and Economic Development)	
Member of Mayor Committee	: Ketelo, B (Strategic Management and Development)	
Member of Mayor Committee	: Maneli, K.C (Community Services)	
Member of Mayor Committee	: Phumaphi, F (Budget and Treasury)	
Member of Mayor Committee	: Geza, N (Engineering and Infrastructure Services)	
Member of Mayor Committee	: Genyane, C (Public Participation Portfolio)	
Council Members	: Kondile, P.P	Mbhashe Local Municipality
	Tyodana, X.M	Mbhashe Local Municipality
	Nkomonye, N	Mbhashe Local Municipality
	Genyane, C	Mbhashe Local Municipality
	Mkhedamo, N .M	Mbhashe Local Municipality

General Information

Country of incorporation and domicile	:	South Africa	
		Sibingibingi, M	Mbhashe Local Municipality
		Matshobeni, A	Mbhashe Local Municipality
		Ndlodaka, N.N	Mbhashe Local Municipality
		Mboneli, U	Mbhashe Local Municipality
		Pakamile,S.H	Great Kei Municipality
		Paliso, N	Mnquma Local Municipality
		Sobekwa, Z	Mnquma Local Municipality
		Qaba ,M	Mnquma Local Municipality
		Ntyinkala, T	Mnquma Local Municipality
		Nkehle, V	Mnquma Local Municipality
		Maputeni, S	Mnquma Local Municipality
		Manxodidi, V	Mnquma Local Municipality
		Maputuma, L. L	Mnquma Local Municipality
		Mjo, T	Raymond Mhlaba Municipality
		Klaas, N	Raymond Mhlaba Municipality
		Ruselo, N	Raymond Mhlaba Municipality
		Magxwalisa, S	Raymond Mhlaba Municipality
		Kley,S	Raymond Mhlaba Municipality
		Auld, A.A	Raymond Mhlaba Municipality
		Nodikida,A	Ngqushwa Local Municipality
		Mdubula, L	Ngqushwa Local Municipality
		Maswana, S	Ngqushwa Local Municipality
		Sotshononda, N	MPAC Chairperson
		Bungeni, Z.G	Proportional Representative
		Plika, L.T	Proportional Representative
		Tima, P	Proportional Representative
		Lombard, J	Proportional Representative
		Mpepo, O	Proportional Representative
		Mavuso, S	Proportional Representative
		Sitole, P.S	Proportional Representative
		Mfecane,N	Proportional Representative
		Ngxakangxaka, N	Proportional Representative

Section 79 Committee

Chairperson	:	Mr N Sotshononda

Executive Management

Municipal Manager	:	Dr B.J. Mthembu
Chief Financial Officer (CFO)	:	Mr N Zengethwa

Members of the Audit Committee

Chairperson	:	Ms V Ntsondo
Members	:	Ms V Hlehliso
	:	Mr P.H Songo
	:	Mr B Bothma
	:	Mr W Plaatjies
Grading of Local Authority	:	Grade 6
Dermarcation Code	:	DC12

General Information

Country of incorporation and domicile	:	South Africa

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the former homeland areas of the Ciskei and Transkei, as well as the former Cape.

Provincial Administration areas

The Amathole District Municipality's demarcated area is made up of six (6) local municipalities namely :

Amahlathi Municipality

Great Kei Municipality

Mbhashe Municipality

Mnquma Municipality

Ngqushwa Municipality

Raymond Mhlaba Municipality (formerly Nxuba and Nkonkobe municipalities)

Registered Office

Physical address	:	15 Rees Street Quigney East london 5201
Postal address	:	PO Box 320 East London 5200
Telephone Number	:	043 701 4000
Email	:	info@amathole.gov.za
Municipal Website	:	www.amathole.gov.za
Banker	:	NedBank Limited First floor Nedbank Building Cedar Square Bonza Bay Road Beacon Bay East London 5241
Auditors	:	Auditor General of South Africa 69 Frere Road Trust Building ,Vincent East London 5217 Registered Auditors
Preparer	:	Ms S Kieck
Legal Representative	:	Mr Z Vumazonke

Abbrevations

ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government, Finance, Audit and Risk Officers
DORA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LGSETA	Local Government Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MSIG	Municipal System Improvement grant
mSCOA	Municipal Standard Chart of Accounts
SALGA	South African Local Government Association
COGTA	Cooperative Governance and Traditional Affairs
SCM	Supply Chain Management
MSA	Municipal Structures Act
MSA	Municipal System Act
NDPG	Neighbourhood Development and Partnership Grant
SRAC	Sports, Recreation, Arts and Culture
AEDA	Amathole Economic Development Agency SOC Limited
ADM	Amathole District Municipality
VAT	Value Added Taxation

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 period and the results of its operations and cash flows for the period ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, he 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 30 June 2025 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 municipality is dependent on grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Amathole District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although, the accounting officer is primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 31 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is 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 .

The annual financial statements set out in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), set out, have been prepared on the going concern basis and were approved on 31 August 2024

Accounting Officer

Date:

Accounting Officer's Report

1 Review of activities

Main business and operations

The municipality is engaged in local government activities, which include planning and promotion of integrated development plan and supplying of the services to the community which are water, sanitation, fire and environmental health services.

Net surplus of the municipality was R448 358 562 (2023: surplus R108 971 150).

2 Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R5 015 990 110 and that the municipality's total assets exceed its liabilities by R5 015 990 110.

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

3 Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the Financial Statements.

4 Accounting Officers interest in contracts

The accounting officer has no interest in contracts awarded, either direct or indirect.

5 Accounting policies

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

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

6 Accounting Officer

The accounting officer of the municipality during the year and to the date of this report are as follows:
Dr. BJ Mthembu

7 Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report IV on Corporate Governance for South Africa of September 2009. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the Code on a quarterly basis. The salient features of the municipality's adoption of the Code is outlined below:

Audit committee

The municipality has an Audit Committee.

Internal audit

The municipality has an Internal Audit unit headed by a Chief Audit Executive.

8 Public Private Partnership

The municipality has not entered into any Public Private Partnerships.

9 Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Act (No. 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

The financial statements set out on pages 8 to 68, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2024 and were signed on its behalf by:

Accounting Officer

Date:

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	Restated 2023
Assets			
Current Assets			
Inventories	12	135 903 765	42 272 508
Trade and other receivables from exchange transactions	13	362 692 985	236 584 591
Receivables from non- exchange transactions	14	15 010 727	7 013 876
Current investments	15	8 060 606	7 434 597
Cash and cash equivalents	16	219 917 515	386 259 826
VAT receivable	17	5 349 022	10 630 474
VAT accrual	60	140 671 593	124 739 599
		887 606 213	**814 935 471**
Non - Current Assets			
Investment property	3	105 504 855	105 611 305
Property, plant and equipment	4	5 257 857 333	4 983 779 580
Intangible assets	5	211 285	313 690
Heritage assets	6	400 000	400 000
Investment in subsidiary	7	1 000	1 000
Non-current receivables	8	3 122 525	2 418 760
		5 367 096 998	**5 092 524 335**
Total Assets		**6 254 703 211**	**5 907 459 805**
Liabilities			
Current Liabilities			
Current portion of employee benefit obligation	9	7 746 323	7 951 000
Other payables from non-exchange transactions	19	11 193 303	9 300 194
Trade and other payables from exchange transactions	21	669 227 764	582 709 994
Taxes and transfers payable (non - exchange)	22	10 650 173	-
VAT accrual	55	194 188 705	130 487 407
Consumer deposits	23	4 030 238	3 801 256
Trade and other payables from non-exchange transactions	18	30 979 253	270 856 630
Provisions	20	97 422 150	98 141 177
		1 025 437 909	**1 103 247 657**
Non- current Liabilities			
Operating lease liability		189 965	135 689
Employee benefit obligation	10	200 936 716	181 393 040
Non- current provision	11	12 148 518	11 515 183
		213 275 199	**193 043 912**
Total Liabilities		**1 238 713 108**	**1 296 291 569**
Net Assets		**5 015 990 110**	**4 611 168 237**
Reserves			
Accumulated surplus		5 015 990 110	4 611 168 237
Total Net Assets		**5 015 990 110**	**4 611 168 237**

Amathole District Municipality

Annual Financial Statements for the period ended 30 June 2024

Statement of Financial Performance for the year ending 30 June 2024

Figures in Rand	Note(s)	2024	Restated 2023
Revenue			
Revenue from exchange transaction			
Service charges	25	562 672 259	490 452 254
Rental of facilities and equipment	26	302 174	288 875
Interest earned outstanding receivables	51	109 780 455	49 955 130
Other income	27	1 448 615	1 431 289
Interest received - Investments	28	45 054 658	24 833 840
Total revenue from exchange transaction		**719 258 163**	**566 961 388**
Revenue from non-Exchange Revenue			
Government grants & subsidies - Operational	29,1	1 117 503 176	998 207 856
Government grants & subsidies - Capital	29,2	601 175 535	198 526 049
Total revenue from non - exchange transaction		**1 718 678 711**	**1 196 733 905**
Total revenue	24	**2 437 936 873**	**1 763 695 293**
Expenditure			
Employee related costs	30	(736 157 490)	(646 807 524)
Remuneration of councillors	31	(17 579 711)	(14 367 235)
Depreciation, amortisation and impairment	32	(159 626 535)	(103 430 131)
Finance costs	33	(51 082 291)	(43 745 748)
Debt impairment	34	(450 174 007)	(432 854 375)
Repairs and maintenance	53	(27 870 243)	(27 117 688)
Contracted services	35	(111 739 619)	(77 724 328)
Transfers and grants expenditure	56	(12 263 006)	(10 760 678)
Inventory consumed	36	(164 611 626)	(141 333 093)
Operational costs	37	(283 360 535)	(185 194 038)
Total expenditure		**(2 014 465 064)**	**(1 683 334 837)**
Operating surplus		**423 471 809**	**80 360 456**
Gain/(Loss) on disposal of assets	52	(20 684 940)	(155 286)
Actuarial gains	10	2 035 000	28 765 980
Surplus before tax		**404 821 869**	**108 971 150**
Taxation	42	-	-
Surplus for the year		**404 821 869**	**108 971 150**

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand		Accumulated Surplus	Total Net Assets
Opening balance as previously reported		3 986 813 477	3 986 813 477
Prior period errors (Note 44)	44	515 383 614	515 383 614
Balance at 01 July 2022 as restated		**4 502 197 091**	**4 502 197 091**
Surplus for 30 June 2023		108 971 150	108 971 150
Total changes		108 971 150	108 971 150
Balance at 01 July 2023 as restated		**4 611 168 241**	**4 611 168 241**
Surplus for the year		404 821 869	404 821 869
Balance at 30 June 2024		**5 015 990 110**	**5 015 990 109**

Cash Flow Statement for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	Restated 2023
Cash flows from operating activities			
Receipts			
Service charges		282 470 785	52 954 836
Government Grants and Subsidies		1 471 367 061	1 348 314 278
Other receipts		1 058 536	1 775 357
Interest income (Bank)		41 795 530	26 125 179
VAT received		5 281 452	81 448 214
		1 801 973 364	**1 510 617 863**
Payments			
Employee costs		732 185 192	716 882 821
Suppliers		645 552 059	433 137 189
Finance costs		2 713 401	1 792 189
Transfers and Subsidies		12 263 006	10 760 678
		1 392 713 658	**1 162 572 877**
Net cash flows from operating activities	39	**409 259 706**	**348 044 985**
Cash flow from investing activities			
Purchase of property, plant and equipment	4	(576 200 234)	(178 615 706)
Proceeds from sale of property, plant and equipment	4	2 085 000	241 090
Movement in Intangible Assets	5	(211 284)	-
Movement in investment property	3	-	-
Increase in current investment	15	(626 009)	(297 468)
Movement in current portion of non- current receivables		(703 765)	(815 000)
Net cash flows from investing activities		**(575 656 292)**	**(179 487 084)**
Cash flow from financing activities			
Movement in operating liabilities		54 276	(973 087)
Net cash flows from financing activities		**54 276**	**(973 087)**
Net increase/(decrease) in cash and cash equivalents		**(166 342 311)**	**167 584 815**
Cash and cash equivalent at the beginning of the year		386 259 826	218 675 011
Cash and cash equivalent at the end of the year	16	**219 917 515**	**386 259 826**

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 Note 61
Statement of Financial Performance						
Revenue						
Revenue from exchange transaction						
Service charges	560 834 163	8 000 121	568 834 284	562 672 259	(6 162 025)	1
Rental of facilities and equipment	329 722	-	329 722	302 174	(27 548)	2
Interest earned outstanding receivables	58 430 565	-	58 430 565	109 780 455	51 349 890	3
Other income	-	-	-	1 448 615	1 448 615	4
Interest received - Investment	17 400 789	7 220 235	24 621 024	45 054 658	20 433 634	5
Total revenue from exchange transaction	**636 995 239**	**15 220 356**	**652 215 595**	**719 258 163**	**67 042 568**	
Revenue from non - exchange transaction						
Donations received	-	-	-	-	-	
Transfer revenue						
Government grants & subsidies	1 795 173 000	(67 236 787)	1 727 936 213	1 718 678 711	(9 257 502)	6
Total revenue from non - exchange transaction	**1 795 173 000**	**(67 236 787)**	**1 727 936 213**	**1 718 678 711**	**(9 257 502)**	
Total revenue	**2 432 168 239**	**(52 016 431)**	**2 380 151 808**	**2 437 936 873**	**57 785 065**	
Expenditure						
Employee related costs	(778 347 996)	18 382 207	(759 965 789)	(736 157 490)	(23 808 299)	7
Remuneration of councillors	(14 291 740)	(1 020 140)	(15 311 880)	(17 579 711)	2 267 831	8
Depreciation and amortisation	(105 441 571)	24 000 000	(81 441 571)	(159 626 535)	78 184 964	9
Finance costs	(107 768)	(4 935 880)	(5 043 648)	(51 082 291)	46 038 643	10
Debt impairment	(383 798 837)	(18 723 259)	(402 522 096)	(450 174 007)	47 651 911	11
Collection costs	(10 224 373)	-	(10 224 373)	-	(10 224 373)	12
Repairs and maintenance	(28 208 500)	(13 000 000)	(41 208 500)	(27 870 243)	(13 338 257)	13
Contracted services	(84 701 757)	(55 298 747)	(140 000 504)	(111 739 619)	(28 260 885)	14
Inventory consumed	(198 339 113)	(68 193 127)	(266 532 240)	(164 611 626)	(101 920 614)	15
Transfers and grant expenditure	(10 000 000)	(1 847 826)	(11 847 826)	(12 263 006)	415 180	16
Operational costs	(205 593 889)	12 867 578	(192 726 311)	(283 360 535)	90 634 224	17
Total expenditure	**(1 819 055 544)**	**(107 769 194)**	**(1 926 824 738)**	**(2 014 465 064)**	**(3 941 289 802)**	
Operating surplus	**4 251 223 783**	**55 752 763**	**4 306 976 546**	**423 471 809**	**(3 883 504 737)**	
Actuarial gain	-	-	-	2 035 000	2 035 000	18
Loss on disposal of assets	-	-	-	(20 684 940)	(20 684 940)	19
Surplus/(deficit) for the year	**4 251 223 783**	**55 752 763**	**4 306 976 546**	**404 821 870**	**(3 902 154 676)**	
Actual Amount on Comparable basis	**4 251 223 783**	**55 752 763**	**4 306 976 546**	**404 821 870**	**(3 902 154 676)**	

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 61
Statement of Financial Position						
Assets						
Current Assets						
Inventories	132 461 117	(122 196 883)	**10 264 234**	135 903 765	**125 639 531**	1
Trade and other receivables from exchange transactions	403 345 354	78 229 235	**481 574 589**	362 692 985	**(118 881 604)**	2
Receivables from non- exchange transactions	2 406 931	24 136 254	**26 543 185**	15 010 727	**(11 532 458)**	3
Current investments	7 137 129	297 468	**7 434 597**	8 060 606	**626 009**	4
Cash and cash equivalents	325 198 241	(41 492 253)	**283 705 987**	219 917 515	**(63 788 472)**	5
VAT receivable	-	-	-	5 349 022	**5 349 022**	14
VAT accrual	-	-	-	140 671 593	**140 671 593**	14
	870 548 772	**(61 026 179)**	**809 522 592**	**887 606 213**	**78 083 621**	
Non - Current Assets						
Investment property	146 678 905	-	**146 678 905**	105 504 855	**(41 174 050)**	6
Property, plant and equipment	5 330 847 295	(147 467 537)	**5 183 379 759**	5 257 857 333	**74 477 575**	7
Intangible assets	13 082 490	3 050 184	**16 132 674**	211 285	**(15 921 389)**	8
Heritage assets	400 000	-	**400 000**	400 000	-	
Investments in controlled entities	-	1 000	**1 000**	1 000	-	
Non - current receivables	1 603 760	815 000	**2 418 760**	3 122 525	**703 765**	9
	5 492 612 450	**(143 601 353)**	**5 349 011 098**	**5 367 096 998**	**18 085 900**	
Total Assets	**6 363 161 222**	**(204 627 532)**	**6 158 533 690**	**6 254 703 211**	**96 169 521**	
Liabilities						
Current Liabilities						
Current portion: Employee benefit obligation	-		-	7 746 323	**7 746 323**	20
Other payables from non exchange transactions	9 391 949	-	**9 391 949**	11 193 303	**1 801 354**	11
Trade and other payables from exchange transactions	505 395 683	201 362 174	**706 757 858**	669 227 764	**(37 530 093)**	12
Taxes and transfers payable (non - exchange)		-	-	10 650 173	**10 650 173**	13
VAT accrual	154 434 629	41 163 641	**195 598 270**	194 188 705	**(1 409 565)**	14
Consumer deposits	3 723 804	267 514	**3 991 319**	4 030 238	**38 919**	15
Trade and other payables from non-exchange transactions	28 894 713	-	**28 894 713**	30 979 253	**2 084 540**	16
Provisions	164 888 209	(65 620 636)	**99 267 573**	97 422 150	**(1 845 423)**	17
	866 728 988	**177 172 694**	**1 043 901 682**	**1 025 437 909**	**(18 463 773)**	
Non- current Liabilities						
Finance lease obligation	1 900 000	(1 764 311)	**135 689**	-	**(135 689)**	
Operating lease liability	-	-	-	189 965	**189 965**	18
Non-Current provision	11 569 757	2 473 686	**14 043 443**	12 148 518	**(1 894 925)**	19
Employee benefit obligation	210 279 749	-	**210 279 749**	200 936 716	**(9 343 033)**	20
	223 749 506	**709 375**	**224 458 881**	**213 275 199**	**(11 183 683)**	
Total Liabilities	**1 090 478 495**	**177 882 068**	**1 268 360 563**	**1 238 713 108**	**(29 647 455)**	
Net Assets	**5 272 682 727**	**(382 509 600)**	**4 890 173 127**	**5 015 990 110**	**125 816 977**	-
Reserves						
Reserve	10 544 157	(10 544 157)	-	-	-	20
Accumulated surplus	5 049 958 821	(159 785 694)	**4 890 173 127**	5 015 990 110	**125 816 983**	
Total Net Assets	**5 060 502 978**	**(170 329 851)**	**4 890 173 127**	**5 015 990 110**	**125 816 983**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments budget	Final Adjustments budget	Shifting of funds	Virement	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 61
	1	2	3	4	5	6	7	8	
Cash Flow Statement									
Cash flows from operating activities									
Receipts									
Service charges	220 798 580	(21 706 580)	199 091 999	-	-	**199 091 999**	282 470 785	**83 378 785**	
Grants	1 795 173 000	(67 236 787)	1 727 936 213	-	-	**1 727 936 213**	1 471 367 061	**(256 569 152)**	
Interest income	40 773 015	4 298 704	45 071 719	-	-	**45 071 719**	1 058 536	**(44 013 183)**	
Other receipts	3 973 268	(3 643 544)	329 724	-	-	**329 724**	41 795 530	**41 465 806**	
VAT received	-	-	-	-	-	-	5 281 452	**5 281 452**	
	2 060 717 862	**(88 288 207)**	**1 972 429 655**	**-**	**-**	**1 972 429 655**	**1 801 973 364**	**(170 456 291)**	
Payments									
Employee costs	(1 342 408 254)	(95 613 828)	(1 438 022 082)	-	-	**(1 438 022 082)**	(732 185 192)	**705 836 890**	
Suppliers	-	-	-	-	-	**-**	(645 552 059)	**(645 552 059)**	
Finance costs	(107 768)	(4 935 880)	(5 043 648)	-	-	**(5 043 648)**	(2 713 401)	**2 330 247**	
Grant expenditure	-	(11 847 826)	(11 847 826)	-	-	**(11 847 826)**	(12 263 006)	**(415 180)**	
	(1 342 516 022)	**(112 397 534)**	**(1 454 913 556)**	**-**	**-**	**(1 454 913 556)**	**(1 392 713 658)**	**62 199 898**	
Net cash flows from operating activities	**718 201 840**	**(200 685 741)**	**517 516 099**	**-**	**-**	**517 516 099**	**409 259 706**	**(108 256 393)**	1
Cash flow from investing activities									
Movement in current portion of non- current receivables	-	-	-	-	-	-	(703 765)	**(703 765)**	
Proceeds from sale of property, plant and equipment	-	-	-	-	-	-	2 085 000	**2 085 000**	
Purchase of intangible assets	-	-				-	(211 284)	**(211 284)**	
Increase in current investments	-	-	-	-	-	-	(626 009)	**(626 009)**	
Capital assets	(612 520 264)	159 193 487	(453 326 777)	-	-	**(453 326 777)**	(576 200 234)	**(122 873 457)**	
Net cash flows from investing activities	**(612 520 264)**	**159 193 487**	**(453 326 777)**	**-**	**-**	**(453 326 777)**	**(575 656 292)**	**(122 329 515)**	2
Cash flow from financing activities									
Proceeds from consumer deposits	-	-	-	-	-	-	54 276	**54 276**	
Net cash flows from financing activities	**-**	**-**	**-**	**-**	**-**	**-**	**54 276**	**54 276**	3
Net increase/(decrease) in cash and cash equivalents	105 681 576	(41 492 254)	64 189 322	-	-	**64 189 322**	(166 342 311)	**(230 531 633)**	
Cash and cash equivalent at the beginning of the year	219 516 665	-	219 516 665	-	-	**219 516 665**	386 259 826	**166 743 161**	
Cash and cash equivalent at the end of the year	**325 198 241**	**(41 492 254)**	**283 705 987**	**-**	**-**	**283 705 987**	**219 917 515**	**(63 788 472)**	

Commentary:

Budget adjustments is done in terms of section 28 and section 31 of the MFMA
Shifting of funds is done in terms of section 31 of the MFMA
Virement is done interms of Council Approved policy

3= Sum of column 1 and 2
2= represents movements in origional budget to get to final adjustments budget (including shifting of funds)
6 = sum of column 3, 4 and 5

8 = 7 minus 6 (this can be expressed as a %). Note that GRAP 24 requires an explanationof material differences (by way of note disclosures) and aknowledges that it can also be presented in the financial statements. An explanation of the material difference will assist ussers in understanding ther reasons for material departures from the approved budget.

Reportable Segments for the year ended 30 June 2024

For management purposes, the municipality is organised and operates in **three key functional** segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The key business units comprise of :

- Water Service authority

- Sanitation; and

- Fire services

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

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

Reportable Segments for the year ended 30 June 2024 (continued)

Segments by Function

Figures in rands				
30 June 2024				
Revenue	**Water Service Authority**	**Sanitation**	**Fire Services**	**Total of Segments**
External Revenue from Non-Exchange transactions	1 688 482 214	-	-	1 688 482 214
External Revenue from Exchange Transactions	419 781 496	135 490 338	7 784 136	563 055 969
Interest Revenue	83 763 368	25 940 564	76 524	109 780 455
	2 192 027 077	**161 430 901**	**7 860 660**	**2 361 318 639**
Expenses				
Interest Expense	314 445	635 285	-	949 729
Depreciations , Amortisation and Impairement	152 368 229	620 752	271 922	153 260 903
Material Items of Expenses	614 740 125	99 404 319	65 908 533	780 052 977
Material Items of Non-Cash Items	221 037 745	185 599 571	-	406 637 315
	988 460 543	**286 259 926**	**66 180 455**	**1 340 900 925**
Surplus / (Deficit)	**1 203 566 534**	**(124 829 025)**	**(58 319 796)**	**1 020 417 714**
Assets	5 277 212 695	240 871 954	41 118 369	5 559 203 019
Liabilities	1 383 209 489	(13 013 700)	(19 634)	1 370 176 155

30 June 2023

Segments by Function

Revenue	**Water Service Authority**	**Sanitation**	**Fire Services**	**Total of Segments**
External Revenue from Non-Exchange transactions	1 185 680 554	-	-	1 185 680 554
External Revenue from Exchange Transactions	354 614 576	130 241 069	7 261 115	492 116 759
Interest Revenue	35 577 020	14 115 967	252 556	49 945 544
	1 575 872 150	**144 357 036**	**7 513 671**	**1 727 742 857**
Expenses				
Interest Expense	3 115 352	3 735 024	-	6 850 377
Depreciations and Amortisation	86 586 799	6 857 045	-	93 443 844
Material Items of Expenses	466 745 461	87 860 624	56 141 859	610 747 944
Material Items of Non-Cash Items	256 435 608	133 429 531	42 989 235	432 854 375
	812 883 220	**231 882 225**	**99 131 094**	**1 143 896 539**
Surplus / (Deficit)	**762 988 930**	**(87 525 189)**	**(91 617 423)**	**583 846 318**
Assets	142 027 476	50 217 414	6 736 050	198 980 940
Liabilities	(1 482 282 654)	(6 736 879)	(4 664 392)	(1 493 683 925)

Reportable Segments for the year ended 30 June 2024

Segment Reconciliation 30 June 2024

Figures in Rands			
Revenue	**Total of Segments (A)**	**(B -A)**	**Entire Wide Information (B)**
External Revenue from Non-Exchange transactions	1 688 482 214	30 196 497	1 718 678 711
External Revenue from Exchange Transactions	563 055 969	1 367 080	564 423 049
Interest Revenue	109 780 455	45 054 658	154 835 114
Material items of Revenue	-	-	-
	2 361 318 639	**76 618 235**	**2 437 936 872**
Expenses			
Interest Expense	949 729	50 132 562	51 082 291
Depreciations and Amortisation	153 260 903	6 365 632	159 626 535
Materials Items of Expenses	780 052 977	573 529 253	1 353 582 230
Material Items of Non-Cash Items	406 637 315	43 536 692	450 174 007
	1 340 900 925	**673 564 139**	**2 014 465 064**
Surplus / (Deficit)	**1 020 417 714**	**(596 945 905)**	**423 471 809**
Assets	5 559 203 019	695 500 193	6 254 703 211
Liabilities	1 370 176 155	(2 608 889 262)	(1 238 713 108)

Segment Reconciliation 30 June 2023

30 June 2023

Revenue	**Total of Segments (A)**	**(B -A)**	**Entire Wide Information (B)**
External Revenue from Non-Exchange transactions	1 185 680 554	11 053 351	1 196 733 905
External Revenue from Exchange Transactions	492 116 759	55 659	492 172 418
Revenue from exchange with other Segments	-	-	-
Interest Revenue	49 945 544	24 843 426	74 788 970
	1 727 742 857	**35 952 436**	**1 763 695 293**
Expenses			
Interest Expense	6 850 377	36 895 371	43 745 748
Depreciations and Amortisation	93 443 844	9 986 287	103 430 131
Materials Items of Expenses	610 747 944	492 556 640	1 103 304 583
Material Items of Non-Cash Items	432 854 375	-	432 854 375
	1 143 896 539	**539 438 298**	**1 683 334 837**
Surplus / (Deficit)	**583 846 318**	**(503 485 862)**	**80 360 456**
Assets	198 980 940	5 708 478 865	5 907 459 805
Liabilities	(1 493 683 925)	197 392 356	(1 296 291 569)

Significant Accounting Policies

The financial statements of Amathole District Municipality for the year ended 30 June 2024 were authorised for issue by Accounting Officer on 30 August 2024.

1. Basis of presentation

The Annual financial statements have been prepared in accordance with the Standard 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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP. These accounting policies are consistent with the previous period, unless specified otherwise. A summary of the significant accounting policies is discussed below.

1. Summary of Significant Account Policies

1.1 Presentation currency

These Annual financial statements are in South African Rand, which is the functional currency of the municipality. The amounts in the annual financial statements are rounded to the nearest rand.

1.2 Going concern assumption

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

Offseting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of the Annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. In the process of applying the municipality's accounting policies, management has made significant accounting judgements, estimates and assumptions, which have significant effect on the amounts recognised in the financial statements. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

Pension and other post - employment benefits

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

For key actuarial assumptions, refer to note 10 " Employee Benefit obligations "

Useful lives (Depreciation and Amortizations)

Depreciation and amortisation recognised on property , plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the municipality's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Residual value of property, plant and equipment

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence : available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be the 1st day of January in the year of construction.
- The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.
- The depreciation is therefore assumed to be straight line for all infrastructure assets.
- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.
- The remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For underground assets, such as pipes , the assessment is based on the age of the pipes and information on performance from the operations staff.

Impairment of Receivables

The measurement of receivables is derived after consideration of the impairment. Management makes certain assumptions regarding the categorisation of debtors into groups with risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements . In determining this impairment the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile. The municipality utilises the template from National Treasury to calculate the impairment provision of the receivables.

Inventory - Water Stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Any existing drought conditions are also taken into consideration where applicable. The water stock on hand has been estimated using engineering best practice and industry norms and standards.

Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and availability of information.

Significant Accounting Policies

Provisions and contingent liabilities
Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. Provisions are discounted where the effect of discounting is material.

Useful lives of waste and water network and other assets
The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Operating leases - Municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

Environmental rehabilitation provisions
The municipality operates a landfill site and has made critical assumptions for estimating the life expectancy and rehabilitation costs of the site.

1.4 Investment property
Investment property includes property (land or a building, or part of a building, or both land or buildings under a finance lease) held to earn rentals and /or for capital appreciation rather than held to meet service delivery objectives or sale in the ordinary course of business. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. Investment property is initially derecognised when future benefits are probable and the cost or fair value can be determined reliably.

Recognition
At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of Day to Day servicing of investment property is recognised in the statement of Financial Performance as incurred.

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

Subsequent measurement - Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Investment property includes land held with an indefinite use. This land is recognised at fair value on the date of recognition

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life Property
Property - land	indefinite
Property - building	30 years

The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year-end.

De-recognition/Disposal
Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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.
Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 3). The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

Impairments
The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.
An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Significant Accounting Policies

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 reporting period.

Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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.

Subsequent measurement

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.
Land is not depreciated as it is regarded as having an unlimited life.

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

Item	Average useful life
Land	Indefinite Life
Buildings	30 years
Furniture and fixtures	7 to 10 years
Motor vehicles	
• Vehicle	5 years
• Specialised Vehicles	3 to 20 years
Office equipment	3 to 7 years
• IT equipment	
IT equipment	3 to 5 years
Infrastructure	
• Roads and paving's	10 to 30 years
• Sewerage Mains and Purification Works	4 to 55 years
• Water Supply and Reticulation	3 to 94 years
Community	
• Libraries	30 years
• Buildings	30 years
• Community Centres	20 years
• Recreational Facilities	30 years
Other property, plant and equipment	
• Specialised Plant and Equipment	5 to 15 years
• Emergency and Medical Equipment	5 to 15 years
Ancillary fleet equipment and security	
• Security Equipment	3 to 5 years
Bins and containers	5 to 10 years
• Other Items	2 to 5 years
Leased Assets	3 to 5 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.
The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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.

Significant Accounting Policies

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Depreciation of an asset commences when the asset is ready for its use as intended by management.
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.
Incomplete construction work (work in progress) is stated at historical cost.

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 or disposal 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 and maintenance on Property Plant and Equipment in the notes to Financial Statements (see **note 4**). The Municipality discloses relevant information relating to assets under construction or development in the notes to the Financial Statements (see **note 4**).

Derecognition
The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying values of assets.

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

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Site rehabilitation and restoration costs
Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions'". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

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

Impairments
The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), its written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.6 Intangible assets
Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

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.

Recognition
Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.
Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

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

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Subsequent Measurement
Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.
The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the statement of financial performance under expenses consistent with the function of the intangible asset.

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

Item	Useful life
Computer software	3 years

Significant Accounting Policies

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. Amortisation shall commence when the asset is available for the intended use.
Amortisation of the asset begins when the development is complete and the asset is available for use.
The amortisation period, the amortisation method and the residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.
The residual value of intangible assets is estimated to be nil.
The municipality discloses relevant information relating to assets under construction, in the notes to financial statements (see **note 5**).

Impairments
The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset maybe impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. W here the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Where items of property, plant equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

Derecognition
Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any , and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 Heritage assets
Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 6). The municipality discloses relevant information relating to assets under construction or development in the notes to the financial statements (see note 6).

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

Initial measurement
Heritage assets are measured at cost.

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

Subsequent measurement
After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. Heritage assets are not depreciated.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent 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's 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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Investments in controlled entities
Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such control entities so as to benefit form its activities. Controlled entities are fully consolidated from the date on which control is transferred to the municipality, and are carried at cost. Investments in municipal entities under the ownership control of the municipality are carried at cost. Separate consolidated financial statements are prepared to account for the municipality's share of net assets and post acquisition results of these investments. The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality 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 municipality 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 municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Significant Accounting Policies

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.

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

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.

Financial liabilities consist of payables, interest bearing loans and bank overdrafts

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

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

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

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

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

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

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The municipality 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
Non current receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost

The municipality 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
Trade payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities.

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

Subsequent measurement of financial assets and financial liabilities

The municipality 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 municipality 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, the 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.

Significant Accounting Policies

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 municipality 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.

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 municipality reclassifies the instrument from cost to fair value.

Offsetting

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

Gains and losses

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

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

Impairment of financial assets

The municipality 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.

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 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 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.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, 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 municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

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.

Financial liabilities

The municipality 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 municipality 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 municipality 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 municipality does not offset the transferred asset and the associated liability.

Significant Accounting Policies

Policies relating to specific financial instruments

Investment at amortised cost
Investments, which include (listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Investment at cost
Investment at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

Cash and cash equivalents
Cash and cash equivalents are measured at amortised cost.
Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables
Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade receivables are determined in accordance with the accounting policy for impairments. An estimate is made for impairment based on past default experience of all outstanding amounts at year end. Impairment adjustments are made through the use of an allowance account. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments(more than 30days overdue) are considered indicators that the receivables is impaired. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the approval of the necessary delegated authority. Impairments are determined by discounting expected future cash flows to their present value.
Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables
Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method

Borrowings and other financial liabilities
Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. Long term borrowings are non-derivative financial loans and the municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects.

Loans and Receivables
Loans and Receivables are measured initially and subsequently at amortised cost any difference between the proceeds (net of transaction cost) and redemption value is recognised in the statement of financial performance. Loans and Receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

1.10 VAT
The municipality accounts for value added tax on the payments basis.

1.11 Leases
Finance leases -municipality as a lessee

Recognition
Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality through the lease agreement. Assets subject to finance to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement
at inception date: namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement
Assets subject to a finance lease, as recognised in the statement of financial position, are measured (at initial recognition)at the lower of the fair value of the assets and the present value of the of the future minimum lease payments. The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight - line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight -line lease payments and the contractual lease payments.

Derecognition
The finance lease liabilities are derecognised when the municipality's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the municipality no longer expects any economic benefits or
service potential to flow from the asset.

The operating lease liability is derecognised when the municipality's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the municipality no longer anticipates economic benefits to flow from the asset.

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

Significant Accounting Policies

Operating leases - municipality as a lessor
Income for leases is disclosed under revenue in statement of financial performance.
Recognition
For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable
is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains , a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments) The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition
Operating lease liabilities are derecognised when the municipality's obligation to provide economic benefits or service potential under the lease agreement expires . Operating lease assets are derecognised when the municipality's right to the underlying cash flows expires or the municipality no longer expects economic benefits to flow from the operating lease asset.

Operating leases - municipality as a lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The liability or asset is not discounted. Any contingent rents are expensed in the period they are incurred.

1.12 Inventories

Initial recognition
Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

Subsequent measurement
Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.
The basis of determining cost is the first-in-first-out (FIFO) method.
Redundant and slow-moving inventories are identified and written down to their estimated net realisable value estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventories at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

Housing inventory
Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses. Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance to the extent that the municipality has complied with any of the criteria, obligations or conditions of the grant.

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

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year end.

VIP toilets inventory
VIP toilets inventory is measured at cost on the first-in-, first-out basis.
The carrying amount of these inventories held for distribution is recognised as an expense when the beneficiaries take occupation of the VIP structures. Grant funding received is recognised as in the Statement of Financial Performance to the extent that the municipality has complied with any of the criteria, obligations or conditions of the grant.

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

1.13 Impairment of cash-generating assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash generating assets.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset in order to determine the extent of the impairment loss (if any).

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.
If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

Significant Accounting Policies

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

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

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

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

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

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.

Value in use
Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.
When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows
In measuring value in use the municipality:
- bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- bases cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimates cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate
The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

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

Cash-generating units
If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

Significant Accounting Policies

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
• its fair value less costs to sell (if determinable);
• its value in use (if determinable); and zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

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

1.14 Impairment of non-cash-generating assets
Non-cash-generating assets are assets other than cash-generating assets. 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).

A cash-generating unit is the smallest identifiable group of assets held with the primary 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.

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

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

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

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

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

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

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

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Significant Accounting Policies

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

1.15 Environmental Rehabilitation Provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. In so far as the obligations relate to assets, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance.

1.16 Employee benefits
Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.
The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from a municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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

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

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits: Defined Benefit Plans
A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.
Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

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

Multi-employer plans
The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

Significant Accounting Policies

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

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:
- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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

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

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

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement. Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

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

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

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.
The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

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

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions
Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Significant Accounting Policies

Other post retirement obligations
The municipality 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 municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Medical Aid: Continued Members
The municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. Assumption about the medical costs take into account estimated future changes in cost medical services, resulting from both inflation and specific changes in medical costs.
Actuaries are used to determine the obligation on an annual basis. The actuarial gain or loss is recognised in surplus or deficit.

Other Long Term Employee Benefits
The municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method has been used to value the obligation. Actuarial gains and losses on long term incentives are accounted for in surplus of deficit. The municipality offers employees long service awards for every five years of services completed, from five years of service to 45 years of service, inclusive.

1.17 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.

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.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

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

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed unless the possibilities of outflow resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

1.18 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.

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

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

Rendering of Services
Service income is recognised on an invoice basis. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. The adjustments are recognised as revenue in the invoicing period.

Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from the council and are levied monthly.

Revenue arising from fire services is based on set basic tariffs.

Significant Accounting Policies

Interest, rentals and agency services
Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

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

1.19 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Grants transferred and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is probable.

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

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

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

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

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

Grants, transfers and donations
Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

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

1.20 Investment income

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

1.21 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.

1.22 Translation of foreign currencies

Foreign currency transactions
Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transactions. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed. Transactions in foreign currency are accounted for at the exchange ruling on the date of transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

1.23 Surplus/deficit

Gains and Losses
Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance, income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in the net assets is especially allowed by a Standard of GRAP.

1.24 Comparative of Actual information to budgeted information

Budget information in accordance with GRAP 1 and 24, has been provided as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanations and comments to material differences are provided in the notes to the annual financial statements. In addition a note has been added to the annual financial statements where the over and under spending are deemed material, for the current financial year only. The annual budget figures included in the financial statements are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP). The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the fiscal period from 01/07/2023 to 30/06/2024.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

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. Comparative information is not required.

Significant Accounting Policies

Current year comparatives
When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the Annual Financial Statements.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.
The presentation and classification of items in the current year is consistent with prior periods.

1.25 Unauthorised expenditure
Section 1 of the Municipal Finance Management Act (Act no.56 of 2003) (MFMA), defines Unauthorised expenditure as follows:
any expenditure incurred by a municipality otherwise than in accordance with section 15 or 1 I(3). and includes-
(a) overspending of the total amount appropriated in the municipality's approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;
c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
(f) a grant by the municipality otherwise than in accordance with this Act: "vote" means-
(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
(b) which specifies, the total amount that is appropriated for the purposes of the department or functional area concerned.

In this context, unauthorised expenditure is the overspending of a vote or a main division within a vote; or expenditure that was not made 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.

Unauthorised expenditure is disclosed as a note to the financial statements.
During the period of investigation, the expenditure must remain in the municipality's expenditure account since the outcome of the investigation will determine the appropriate action that must be taken by the accounting officer.

Unauthorised expenditure that is incurred before the adjustment budget is condoned by Council through the adjustment budget.
Unauthorised expenditure that is incurred after the adjustment budget is referred to the Municipal Public Accounts committee (MPAC) for further investigation. and recommendation to Council. Where MPAC, after investigation, recommends to Council to certify the unauthorised expenditure, as irrecoverable and to write off the unauthorised expenditure, it is disclosed in the note to the financial statements as condoned by Council.
Where MPAC, after investigation, determines that the unauthorised expenditure must be recovered from the relevant official, the unauthorised expenditure is recognised as a debtor in the Statement of Financial Position and the note to the financial statements is updated.

Unauthorised expenditure is derecognised from the note upon being condoned by Council or being transferred to the Statement of Financial Position.

1.26 Fruitless and wasteful expenditure
Fruitless and wasteful expenditure is defined in section 1 of the MFMA as follows:
fruitless and wasteful expenditure is expenditure which was made in vain and would have been avoided had reasonable care been exercised.

The words in vain as contained in the definition of fruitless and wasteful refers to a transaction, event or condition which was undertaken without value or substance and which did not yield any desired results or outcome. Reasonable care means applying due diligence (careful application, attentiveness, caution) to ensure that the probability of a transaction, event or condition not being achieved as planned is being managed to an acceptable level.

Fruitless and wasteful expenditure that has been incurred and identified must be recorded in the fruitless and wasteful register.
The expenditure must remain in the expense account until the outcome of the investigation which will determine the appropriate action that must be taken by the accounting officer or accounting authority with regard to the disclosure and recovery of such fruitless and wasteful expenditure.
The note to the financial statements must be updated.

If such investigations are not concluded by the date on which the annual financial statements are published, a narrative to this effect must be included as part of the fruitless and wasteful expenditure note to the financial statements.

Should the investigation reveal that the expenditure does not constitute fruitless and wasteful expenditure; the details of the expenditure must be retained in the register for purposes of completeness and to provide for an appropriate audit trail.
The note to the financial statements must be updated to reflect the outcome of the investigation.

Fruitless and wasteful expenditure must either be recovered from the person liable person in law; and in instances where recovery is not possible, such fruitless and wasteful expenditure may be written off by the accounting officer or accounting authority and the note to the financial statements updated.

Fruitless and wasteful expenditure is recognized as expenditure in the Statement of Financial Performance according to the nature of the payment, not as a separate line item on the face of the Statement of Financial Performance.

If an employee is held liable in terms of the law, recovery must be made and a debtor must be created in the Statement of Financial Position.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed.
The financial statements must include particulars of fruitless and wasteful expenditure that occurred during the financial year and any disciplinary steps taken as a result of such fruitless and wasteful expenditure. Fruitless and wasteful expenditure is removed from the note when it is either written off by the relevant authority or transferred to receivables for recovery.

Additional disclosure for fruitless and wasteful expenditure is disclosed in note 50.

1.27 Irregular expenditure
Irregular expenditure is defined in section 1 of the MFMA as follows:
"irregular expenditure", in relation to a municipality or municipal entity),. means-
(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
(b) expenditure incurred by a municipality or municipal entity in Contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 30 No. 20 of 1998); or
(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the

supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

In this context "expenditure" refers to any use of municipal funds that is in contravention of the following legislation:
Municipal Finance Management Act (Act no.56 of 2003);
the Municipal Systems Act (Act No.32 of 2000);
the Public Office Bearers Act (Act No. 20 of 1998) or its regulations; or
is in contravention of the municipality's supply chain management policy and any by-laws giving effect to the policy.

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.

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 may write off the amount as a bad debt 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.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity, including VAT, unless it is impracticable to determine in which case reasons therefore is provided in the note.
Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

Additional disclosure for irregular expenditure is disclosed in note 49.

1.28 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.29 Transfer and subsidies - Non Exchange Revenue

Unconditional Grants

Equitable share and Levy Replacement grant allocations are recognised in revenue upon receipt of the tranche.

Conditional grants and receipts

Government grants and other grants are recognised as revenue when:
(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
(b) the amount of the revenue can be measured reliably, and
(c) to the extent that there has been compliance with any restrictions associated with the grant Income received from conditional grants, donations and subsidies are recognised to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised. Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor. Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

1.30 Related parties

The municipality has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party or vice versa, or an entity that is subject to common control, or jointly control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the municipality any one or more related parties, and those transactions were not within:

- normal supplier and/ or client/ recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual group or persons in the same circumstances and:
- terms and conditions within the normal operating parameters established by the reporting municipality's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

The municipality has a related party relationship with its subsidiary Amathole Economic Development Agency SOC Limited t/a ASPIRE. Subsidiaries are entities controlled by the municipality. The existence and effect of potential voting rights that are currently exercisable are convertible without restriction are considered when assessing whether the municipality controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the municipality and are no longer consolidated from the date the effective control ceases. Related party transactions are conducted on arms length basis with terms comparable to transactions with third parties.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee Members, Municipal Manager and Executive Directors.

1.31 Commitments

A commitment is the municipality's intention to commit to an outflow of its resources embodying economic benefits. The municipality is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date.

Significant Accounting Policies

1.32 Post balance sheet events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types 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 amounts 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 an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.33 Segment reporting

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met. Reports are used to identify reportable segments and the review thereof, e.g. monthly section 71 reports.

General information

For management purposes, the municipality is organised and operates in three service delivery areas (Function of the Municipality).
These three areas are reviewed and reported on regularly by management.
Revenues and expenditures relating to these functions are recorded on a detailed transactional level and reported on various platforms.
The three service delivery areas and economic segments of Amathole District Municipality's mandate are as follows:-

- Water service Authority
- Sanitation
- Fire Services

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

The municipality operates throughout the Amathole District within the Eastern Cape across six local municipalities.
Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the District were sufficiently similar to warrant aggregation.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipality reports a measure of assets and liabilities for each reportable segment if such an amount is regularly provided to management.
The municipality does not disclose the geographical areas in which it operates as management does not at present have reliable separate financial information that is generated cost-effectively for decision making purposes.

Measurement of segment surplus or deficit, assets and liabilities

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

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 shall be 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.

	2024	Restated 2023
	R	R

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard / Interpretation :	Effective date : Years beginning on or after	Expected impact :
GRAP 1: Presentation of Financial Statements	To be determined by the Minister of Finance	The revised GRAP 1 statement addresses the assessment and disclosure of the going concern assumption when preparing financial statements. Amendments to this standard will be applied prospectively. It is expected that the application of this standard will not have a material impact on the financial statements of the municipality as the municipality has no intention to liquidate the entity or to cease operating.
GRAP 103: Heritage Assets	To be determined by the Minister of Finance	The revised standard requires a Municipality to assess cultural significance when applying the definition of a heritage asset. In addition heritage assets that have more than one use are to be accounted for in accordance with this statement, if the definition of a heritage asset has been met. It is not anticipated that there will be a material impact on the financial statements as these assets are in the jurisdiction of the local municipalities.
GRAP 104: Financial Instruments	1 April 2025	GRAP 104 prescribes the recognition, measurement, presentation and disclosure principles for financial instruments. The revised standard, eliminates guidance on transactions not commonly found in the public sector such as hedge accounting. It is expected that the application of this standard will not have a material impact on the financial statements of the municipality.
GRAP 105: Transfer of Functions between entities under common control	To be determined by the Minister of Finance	The objective of this Standard is to establish principles and requirements for the acquirer and transferor in a transfer of functions between entities under common control and its effects. This standard is not expected to have a material impact on the financial statements as there is no transfer of functions.
GRAP 106: Transfer of Functions between entities not under common control	To be determined by the Minister of Finance	The objective of this Standard is to establish principles and requirements for the acquirer in a transfer of functions between entities not under common control and its effects. This standard is not expected to have a material impact on the financial statements as there is no transfer of functions.
GRAP 107: Mergers	To be determined by the Minister of Finance	This standard establishes the principles and requirements for the combined entity and combining entities in a merger, its effects and disclosure requirements. This standard will not have a material impact on the financial statements as there is no merger.

3. Investment property

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	107 420 819	(1 915 964)	105 504 855	107 420 819	(1 809 514)	105 611 305

Reconciliation of investment property - 2024

	Opening carrying value	Transfers In/ (Out)	Depreciation	Closing carrying value
Investment property	105 611 305	-	(106 450)	105 504 855

Reconciliation of investment property - 2023

	Opening carrying value	Transfers In/ (Out)	Depreciation	Closing carrying value
Investment property	110 451 864	(4 701 613)	(138 946)	105 611 305

Pledged as security

There were no properties pledged as security.

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.

	2024	2023
Rental income from investment property	302 174	238 896

Refer to **Note 41** for lease commitments

The comparative figure for Investment property has been restated, refer **Note 44.**

4. Property, plant and equipment

	2024			Restated 2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Land	6 965 092		6 965 092	6 965 092		6 965 092
Solid waste	10 345 844	(1 324 108)	9 021 736	10 345 844	(882 739)	9 463 105
Operational Buildings	22 387 408	(15 278 681)	7 108 727	22 387 408	(14 532 449)	7 854 959
Sanitation	411 200 503	(125 594 112)	285 606 391	389 967 170	(114 720 476)	275 246 694
Water supply	6 398 853 233	(1 512 663 485)	4 886 189 748	6 014 639 525	(1 383 779 369)	4 630 860 156
Community assets	1 832 896	(1 070 169)	762 727	1 832 896	(1 009 073)	823 823
Finance leased assets	-	-	-			
Computer equipment	43 576 639	(31 380 387)	12 196 252	39 733 042	(29 448 661)	10 284 382
Furniture and office equipment	21 892 665	(20 169 655)	1 723 010	21 826 003	(19 721 487)	2 104 516
Machinery and equipment	10 414 590	(6 961 603)	3 452 986	8 600 018	(6 514 377)	2 085 641
Transport assets	120 833 557	(76 002 893)	44 830 664	115 896 646	(77 805 436)	38 091 212
	7 048 302 427	**(1 790 445 094)**	**5 257 857 333**	**6 632 193 645**	**(1 648 414 067)**	**4 983 779 580**

Notes to the Annual Financial Statements

	2024	Restated 2023
	R	R

Reconciliation of property, plant and equipment - 2024

	Carrying Value Opening balance	Additions	Disposal	Transfers In /(out)	WIP Under construction	Impairment	Depreciation	Carrying value Closing Balance
	R	R	R	R	R	R	R	R
Land	6 965 092	-	-	-	-	-	-	6 965 092
Solid waste	9 463 105	-	-	-	-	-	(441 369)	9 021 736
Operational Buildings	7 854 959	-	-	-	-	-	(746 247)	7 108 712
Sanitation	275 246 694	879 075	-	-	20 354 258	(4 730 781)	(6 142 855)	285 606 391
Water Supply	4 630 860 143	144 082 470	(22 17[illegible] 605)	(132 479 557)	403 626 154	(51 358 175)	(86 362 646)	4 886 189 784
Community	823 802	-	-	-	-	-	(61 097)	762 [illegible]
Finance leased assets	-	-	-	-	-	-	-	-
Computer Equipment	10 284 381	3 937 501	(47 187)	-	-	(5 190)	(1 973 254)	12 196 251
Furniture and fittings	2 104 516	75 760	(1 486)	-	-	(10 481)	(445 299)	1 723 010
Machinery and equipment	2 085 642	1 814 572	-	-	-	(12 269)	(434 957)	3 452 988
Transport assets	38 091 212	13 763 859	(542 629)	-	-	(693 890)	(5 787 888)	44 830 664
	4 983 779 546	**164 553 237**	**(22 769 908)**	**(132 479 557)**	**423 980 412**	**(56 810 785)**	**(102 395 612)**	**5 257 857 333**

Reconciliation of property, plant and equipment - 2023

	Carrying Value Opening balance	Additions	Disposal	Transfers In /(out)	Under construction	Impairment	Depreciation	Carrying value Closing Balance
	R	R	R	R	R	R	R	R
Land	5 325 092	-	-	1 640 000	-	-	-	6 965 [illegible]
Solid waste	9 904 474	-	-	-	-	-	(441 369)	9 463 105
Operational buildings	5 539 593	-	-	3 061 613	-	-	(746 247)	7 854 959
Sanitation	249 811 042	-	-	-	31 592 332	-	(6 156 680)	275 246 694
Water supply	4 592 878 995	16 042 413	-	(12 617 754)	120 262 364	-	(85 705 875)	4 630 860 143
Community	884 899	-	-	-	-	-	(61 097)	823 802
Finance leased assets	-	-	-	-	-	-	-	-
Computer Equipment	11 534 275	1 921 636	(72 221)	-	-	(38 932)	(3 060 377)	10 284 381
Furniture and fittings	3 051 748	55 498	(60 815)	-	-	(60 991)	(880 923)	2 104 516
Machinery and equipment	2 122 163	398 619	(22 249)	-	-	(2 131)	(410 760)	2 085 642
Transport assets	35 312 243	8 342 844	-	-	-	-	(5 563 875)	38 091 212
	4 916 364 524	**26 761 010**	**(155 286)**	**(7 916 141)**	**151 854 696**	**(102 054)**	**(103 027 203)**	**4 983 779 546**

The comparative amounts in the note has been restated refer to **note 44.**

Projects taking longer to complete:

The implementation of the following projects have been delayed due to various reasons:

Project Name	Original Planned Completion Date	Anticipated Completion Date	Carrying Amount	Reasons for the delays
Ibika Centane Water Supply Phase 3 - Mhlahlane Villages	23/06/2021	15/12/2024	R42 252 599	The contractor has been granted so many extensions of time: - For COVID 19 and lock down - For delays due to inclement weather - PSP contract terminated (Evergreen) - For delays due to disconnection of ESKOM - Practically completed. Busy with snags
Zingcuka Water Supply Scheme	18/06/2021	03/12/2024	R20 458 500	The delays were due to: - -Inclement weather -Eskom connection to the booster pumpstation -Delays on delivery of galvanized pipe -application for budget maintenance -Accessiblity of site by Eskom - PSP contract regarded as evergreen and thus terminated
Nxaxo & Cebe Water Supply Scheme - Phase 1 Contract 1 Completion	20/03/2019	31/03/2025	R129 856 049	Scope increase due to community demands, poor performance and non compliance from the contractor and cash flow challenges -Contractor contract terminated due to poor performance -uncompleted works included in the scope of work for the next phase. Contractor for the next phase end October 2024.
Shixini Water Supply	01/11/2019	15/12/2024	R71 111 694	Contractor was terminated in June 2023 due to poor performance -The contractor has been granted so many extensions of time: - For COVID 19 and lock down - For delays due to inclement weather -Contractor experienced cashflow challenges -Poor performance Eventually terminated -uncompleted works included in the scope of work for the next phase. Contractor Contractor appointed June 2023 and scheduled to complete the works in December 2024
Idutywa East Water Supply - Contract 11	30/06/2018	18/06/2025	R11[illegible] 945	Consultant contract was terminated in Jan 2022 which affected the contract of the contractor as the contractor works under the supervision of the consultant. The plan is to incorporate the uncompleted works in the scope of the next phase.
Xhora Water Supply	30/09/2021	30/12/2024	R606 901 225	- For delays due to inclement weather -Contractor experienced cashflow challenges -Poor performance Contractor for is under penalties due to not completing the work at scheduled contract due completion date, Contractor submitted a catch up plan with a due completion in December 2024

		2024	Restated 2023
		R	R

Mgwali South Water Supply	31/03/2021	14/02/2025	R82 779 503,42	-The contractor has been granted so many extensions of time: -Delays due to inclement weather Contractor experienced cashflow challenges Poor performance From the 02 September 2023 application of penalties commenced.
Total			R 965 048 515,42	

Transfer of infrastructure
During the 2015/2016 financial year, the Demarcation Board rezoned the Amathole District Municipality, (ADM) boundaries.
The effect of the rezoning was a loss of some of the ADM villages to other municipalities. The assets, mainly water infrastructure assets, in the affected villages are to be transferred from ADM to the relevant municipalities as per the Demarcation Board's resolutions.

ADM has transferred the assets to the rightful municipalities.
These assets were mainly transferred to the Buffalo City Metropolitan Municipality (BCMM) and Chris Hani District Municipality.

During the physical verification of movable assets for the 2023/24 financial year, assets recorded in the Fixed Asset Register but not located during the verification were identified. These assets are under the following categories with a total carrying value of R4 891 353:

Computer Equipment	4 313 732,54
Furniture and office equipment	342 325,35
Machinery and equipment	210 509,23
Transport assets	24 785,95

These assets are still under investigation and have not been removed from the Fixed Asset Register.

Expenditure incurred to repair and maintain Property, Plant and Equipment	R
Sanitation and water supply	-
Buildings	808 718
Vehicles	16 040 588
Other	11 020 937
Total	**27 870 243**

Pledged as security
No assets pledged as security

Comparative figures have been restated: Refer **Note 44**

Capitalised expenditure (excluding borrowing costs)	**Funding Source**	2024	2023
Sanitation and Water Supply (infrastructure)	Grant funding (MIG, RBIG and WSIG)	423 980 412	151 854 696
Community assets	Grant funding (MIG)	-	-
Other assets	Grant funding (WSIG)	-	-
Computer Equipment	Internal Funding	3 937 501	1 921 636
Furniture and office equipment	Grant funding (MIG, RBIG and WSIG)	75 760	55 498
Motor Vehicles	Internal Funding	13 763 859	8 342 844
Machinery equipment	Internal Funding	1 814 572	398 619
		443 572 104	**162 573 293**

Compensation received for losses on property, plant and equipment - included in operating surplus	2024	2023
Motor vehicles	2 132 570	241 090
Office equipment	6 098	-
Computers	12 740	-
Buildings	-	-
Other Property ; plant and equipment	-	-
	2 151 408	**241 090**

Reconciliation of work - in - Progress - 2024

	Included within infrastructure	Included within buildings	Total
Opening balance	1 580 243 511	-	1 580 243 511
Additions/capital expenditure	423 980 412	-	423 980 412
Transferred to completed items	(132 479 557)	-	(132 479 557)
Transfer out	-	-	-
	1 871 744 366	-	**1 871 744 366**

Reconciliation of work - in - Progress - 2023

	Included within infrastructure	Included within buildings	Total
Opening balance	1 441 006 569	-	1 441 006 569
Additions/capital expenditure	151 854 696	-	151 854 696
Transfer out	(12 617 754)	-	(12 617 754)
	1 580 243 511	-	**1 580 243 511**

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

5. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, licences	63 042 898	(62 831 614)	211 285	62 831 614	(62 517 924)	313 690

Reconciliation of intangible assets - 2024

	Opening carrying value	Additions	Transfer In/(Out)	Impairment	Work in progress	Amortisation	Closing carrying value
Computer software, licences	313 690	211 284	-	-	-	(313 688)	211 285

Reconciliation of intangible assets - 2023

	Opening carrying value	Additions	Transfer In/(Out)	Impairment	Work in progress	Amortisation	Closing carrying value
Computer software, licences	627 379	-	-	-	-	(313 689)	313 690

Pledged as security
The carrying value of intangible assets is not pledged as security.

Restricted title
Carrying value of intangible assets whole title is not restricted.

The amortisation expense has been included in the line depreciation on the Statement of Financial Performance. A useful life of 3 years has been used in the calculation of amortisation.

6. Heritage assets

	2024			2023		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400 000	-	400 000	400 000	-	400 000

Reconciliation of heritage assets - 2024

	Opening carrying value	Closing carrying value
Collections of historical implements	400 000	400 000

Reconciliation of heritage assets - 2023

	Opening carrying value	Closing carrying value
Collections of historical implements	400 000	400 000

Pledged as security
Carrying value of heritage assets is not pledged as security.

Method and assumption used
Valuations were performed by independent valuer , Mrs Penelope Jean Lindstrom (Board Member of South African Institute of Valuer), and currently the chairman.
Messrs Penny Lindstrom Valuations CC are not connected to the municipality and have recent experience in location and category of asset being valued.
Effective date of valuation June 2015.

7. Investment in subsidiary

Name of Company	**Held by**	**% holding 2024**	**% holding 2023**	**Carrying amount 2024**	**Carrying amount 2023**
Amathole Economic Development Agency SOC Limited t/a ASPIRE	ADM	100%	100%	1 000	1 000

Investment in Municipal entity

Amathole Economic Development Agency SOC Limited t/a ASPIRE
Issued share capital (1000 ordinary shares of R1,00 each)
100% owned by ADM council

The Amathole Economic Development Agency was established 1 September 2005

Notes to the Annual Financial Statements

	2024 R	Restated 2023 R

Place of Incorporation : South Africa

Principal activity: To promote local economic development in the Amathole Municipal District Area

The municipal transfers funds to the entity for operating purposes. Refer **Note 43** for related party transactions
The ADM continues to provide support to ASPIRE in terms of operational funding as well as having seconded senior personnel to the agency on a temporary basis during the current financial year. In respect of the poor financial position that the entity finds itself in certain initiatives were undertaken to, amongst other things, identify the root causes of this situation. An investigation was conducted.

In addition a financial recovery plan was developed for the Board's consideration and implementation.

8. Non-current receivables

	2024 R	2023 R
	3 122 525	2 418 760
Other long term receivables		
Non current receivables	3 122 525	2 418 760
Deposits	3 122 525	2 418 760
Subtotal		
Less: Current portion transferred to current receivables	**3 122 525**	**2 418 760**

Deposits
The deposits relate to the amounts paid when the municipality enters into leases for buildings and utilities.

Non-current receivables are financial assets which are categorized at amortised cost.
The fair values of the loans are estimated to approximate their carrying amounts

9. Current portion of employment benefit obligation

	2024 R	2023 R
	7 746 323	7 951 000
Current portion	**7 746 323**	**7 951 000**

Employee benefit obligation provision
The uncertainties noted for the current portion of the long service awards are as follows: The current portion of the long service award was calculated by independent actuaries that have performed a valuation for the long service award provision. Refer to **Note 10** for the assumptions used.

10. Employee benefit obligation

	2024 R	2023 R
Defined benefit plan	158 736 000	142 780 000
Provision for post employment health care benefits	14 040	14 040
Provision of ex-gratia benefits	42 186 676	38 599 000
Provision for long service benefits	**200 936 716**	**181 393 040**

	2024 R	2023 R
Statement of Financial Performance	11 539 000	12 915 000
Current service cost	22 267 000	21 891 160
Interest cost	(12 432 000)	(10 272 960)
Benefits paid	(4 379 000)	(28 765 980)
Actuarial gain recognised	2 344 000	1 930
Actuarial loss recognised	**19 339 000**	**(4 230 850)**

Post retirement medical aid plan

	2024	2023
The Post Employment Health Care plan, of which members are made up as follows	1 127	1 168
In service (employee) members	106	107
Continuation (retiree, widow/er and orphan) members	158	196
In service (employee) non- members	**1 391**	**1 471**

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

	2024 R	2023 R
	107 665 000	95 002 000
In service (employee) members	5 370 000	43 573 000
Continuation (retiree, widow/er and orphan) members	45 701 000	4 205 000
In service (employee) non- members	**158 736 000**	**142 780 000**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
Bonitas
Hosmed
Key health
LA health
Samwumed

The municipality has agreed to subsidise the medical aid contributions of retired members in the following way:

All new pensioners (that are currently still in service) will receive a 70% subsidy subject to the maximum (CAP) amount of R 5 547 (per month per member) for the period from 1 July 2024 to 30 June 2025.
The maximum (CAP) amount was R 5277 in the previous financial year.

All existing continuation members (pensioners) will continue to receive a 70% subsidy subject to the maximum (CAP) amount of R 5 547 (per month per member) for the period from 1 July 2024 to 30 June 2025.
The maximum (CAP) amount was R 5277 in the previous financial year.

Widow(er)s and orphans of eligible members are entitled to receive the same subsidy on and after the death in-service or death-in-retirement of the member.

The Maximum subsidy is expected to increase at 75% of Earnings Inflation. This is in line with the assumptions used by the previous Actuaries.

	2024	2023
Comparison of in service statistics		
Eligible employees	**1 285**	**1 364**
Total number of eligible employees	**1 127**	**1 168**
Number of in-service members	46,5	45,8
Average Age	13,5	12,6
Average Past Service	R2 840	R3 095
Average current value of post-employment subsidy p.m.	**158**	**196**
Number of in-service non-members	49,4	47
Average Age	15,7	13,2
Average Past Service	R3 880	R3 386
Average current value of post-employment subsidy p.m.		

	2024	2023
Comparison of Continuation membership		
Continuation Members	106	109
Number of principal members	40%	39%
Proportion with a spouse dependant	71,7	73,1
Average Age	R3 790	R3 622
Average subsidy per month		

	2024 R	2023 R
Reconciliation of assets and liabilities recognised in the balance sheet	158 736 000	142 780 000
Present value of fund obligations	-	-
Fair value on plan assets		
	158 736 000	**142 780 000**
Present value of unfunded obligations		
Present value of obligations in excess of plan assets	-	-
Unrecognised past service cost	-	-
Unrecognised actuarial (gains)/losses	-	-
Unrecognised transitional liability	-	-
Net liability in Balance Sheet		

The municipality has elected to recognise the full increase in this defined benefit liability immediately.

	2024 R	2023 R
Reconciliation of present value of fund obligation:	142 780 000	148 218 000
Present value of fund obligation at the beginning of the year	7 555 000	8 650 000
Current service costs	(4 826 000)	(4 545 000)
Expected benefits paid	17 606 000	17 287 000
Interest cost	-	-
Past service costs	(4 379 000)	(26 830 000)
Actuarial (gain)/losses	**158 736 000**	**142 780 000**
Present value of fund obligation at the end of the year		

Total unfunded liability

Reason for the movement in Liability

The **total liability** has increased by 3.7% (or R5 309 000) since the last valuation. The main reasons for the actual movement in the liability as a result of the following:

The main reasons for the actuarial loss can be attributed to the following factors:
1. Changes in economic variables
Interest rates, bond yields and inflation figures changed significantly

2. Membership changes, average monthly subsidy and other experience items
Over the past financial year the membership changed, which included a decrease in the total members. The average monthly subsidy also decreased significantly for the in-service members and increased at a smaller percentage than expected amongst continuation members. As a result of this, and other smaller assumptions, the liability decreased by approximately R 9 688 000.

	2024 R	2023 R
Actuarial Gains and Losses	(4 379 000)	(26 830 000)
Actuarial (gain)/loss for the period		
Contributions to actuarial loss	-	(21 602 000)
Basis changes: in net discount rate	-	(2 043 000)
Subsidy increases lower than assumed	-	-
Contributions increases higher than assumed	-	(3 185 000)
Changes to membership profile different from assumed	-	-
Actual benefits vesting, greater than expected		

Notes to the Annual Financial Statements

	2024 R	Restated 2023 R
Net liability in the Statement of Financial Position		
Opening balance	142 780 000	148 218 000
Current service cost	7 555 000	8 650 000
Interest cost	17 606 000	17 287 000
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial (gain)/losses	(4 379 000)	(26 830 000)
Past service cost	-	-
Net periodic cost recognised in surplus and deficit	20 782 000	(893 000)
Expected employee benefit payments	(4 826 000)	(4 545 000)
Transitional liability recognised outside surplus and deficit	-	-
Closing balance	**158 736 000**	**142 780 000**
Current portion of liability (due in next 12 months)	5 911 000	4 673 000
Non- current portion of liability	152 825 000	138 107 000
Closing balance	158 736 000	142 780 000

	2024	2023
Reconciliation of affair value of plans assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Benefits paid	-	-
Closing balance	-	-

History of liabilities and assets

The amounts for the current and the previous four periods were as follows:	2 024	2 023	2 022	2 021	2 020
Post employment medical aid obligation	158 736 000	142 780 000	148 218 000	137 149 000	113 612 000
Plan assets	-	-	-	-	-
Surplus/(deficit)	**(158 736 000)**	**(142 780 000)**	**(148 218 000)**	**(137 149 000)**	**(113 612 000)**

History of experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.

The amounts for the current and the previous four periods were as follows:	2024	2023	2022	2021	2 020
Liabilities gain/(loss)	9 688 000	5 228 000	(2 861 000)	(4 276 000)	(1 907 000)
Assets gain/(loss)	-	-	-	-	-

Trend information	2025	2024	2023
Present value of obligation	181 856 000	158 736 000	142 780 000
Fair value of plan assets	-	-	-
	181 856 000	**158 736 000**	**142 780 000**

Sensitivity results

Results of the sensitivity analysis on the Accrued Liability (R)
To illustrate the sensitivity of changes in certain key variables, the liabilities have been calculated using the following assumptions:
- 20% increase/decrease in the assumed level of mortality;
- 1% increase/decrease in the Medical Aid inflation;
- 1% increase/decrease in the discount rate;
- 1 year increase/decrease in the average retirement age

Morality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality.
If the actual rates of mortality turn out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.

	-20% Morality rate	Valuation Assumption	+20% Morality rate
	R	R	R
Total Accrued Liability	170 022 000	158 736 000	149 137 000
Interest Cost	23 517 000	21 929 000	20 577 000
Service Cost	7 615 000	7 102 000	6 658 000

The table above indicates for example that if the morality rate is 20% greater than the long-term assumption made, the liability will be 6% lower than shown.

Medical aid Inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement.
The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

	-1% Medical aid Inflation	Valuation Assumption	+1% Medical aid Inflation
	R	R	R
Total Accrued Liability	145 914 000	158 736 000	168 255 000
Interest Cost	20 115 000	21 929 000	23 273 000
Service Cost	6 383 000	7 102 000	7 600 000

The table above indicates for example that if the medical aid inflation is 1% greater than the long-term assumption made, the liability will be 5% higher than shown.

Discount rate

The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cashflows.
If the discount rate is higher the present value of the liability will be lower and vice versa.

	-1% Discount rate	Valuation Assumption	+1% Discount rate
	R	R	R
Total Accrued Liability	181 986 000	158 736 000	139 756 000
Interest Cost	25 222 000	21 929 000	19 242 000
Service Cost	8 467 000	7 102 000	6 013 000

The table above Indicates for example that if the discount rate is 1% greater than the long-term assumption made, the liability will be 11% lower than shown.

Average retirement age

The liability value is directly influenced by the assumption about the average retirement age of members as this determines the length these benefits are paid out to members.

	-1 year Average retirement age	Valuation Assumption	+1 year Average Retirement Age
	R	R	R
Total Accrued Liability	145 624 000	158 736 000	172 756 000
Interest Cost	20 113 000	21 929 000	23 863 000
Service Cost	6 599 000	7 102 000	7 703 000

The table above Indicates for example that if the average retirement age is 1year greater than the long-term assumption made, the liability will be 8% higher than shown.

Assumption	Value p.a.	Value p.a.
Discount rate	13,76%	12,53%
Consumer Price Inflation (CPI)	8,14%	6,64%
Health care cost inflation rate	9,64%	8,14%
Net discount rate - health care cost inflation	3,76%	4,06%

The discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.
Consequently, a discount rate of 13.76% per annum has been used. The implied duration of the liability for this valuation is 15.95 years.
These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 28 June 2024.

Assumption	Active employees
Normal retirement age	65
Employment age used for past service period	Actual service entry ages
Mortality during employment	SA 85 - 90
Mortality post employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010
Proportion with a spouse dependant at retirement	60%
Continuation of membership at retirement	70%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement	15%

Withdrawal from service (sample annual rates)

Age	Withdrawal rates Female	Withdrawal rates Male
20 - 24	9%	9%
25 -29	8%	8%
30 - 34	6%	6%
35 - 39	5%	5%
40 - 44	5%	5%
45 -49	4%	4%
50 - 54	3%	3%
55 - 59	0%	0%
60+	0%	0%

	2024	Restated 2023
	R	R

Provision for retirement gratuity benefits

Employees of the Amathole District Municipality participated in the following benefit funds:

Cape Joint Pension Fund (defined contribution)
Eastern Cape Gratuity Fund (defined contribution)
Eastern Cape Municipal Pension Fund (defined contribution)
Cape Joint Retirement Fund (defined contribution)
National Fund for Municipal Workers (defined contribution)
South African Municipal Workers National Provident Fund (defined contribution)
Government Employees Pension Fund (defined benefit)
South African Local Authorities Pension Fund (defined contribution)

Multi - employer funds

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post - employment benefits. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds.

The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of details.

Thus, some of the entities defined benefit plans are not treated as defined benefit plans as defined by GRAP 25, but are rather accounted for as defined contribution plans. These are listed under the defined contribution plan heading as a GRAP [illegible] Exception.

This is in line with the exemption in GRAP 25 which states that where Information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for a defined contribution plans.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years .

Defined contribution (DC) Multi - employer plans

	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2024	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2023
Cape Retirement Fund (CRP)	1 219	67 177 978	1 260	64 427 253
SAMWU National Provident Fund (SNPF)	[illegible]	3 995 745	[illegible]	4 025 129
National Fund for Municipal Workers	18	1 501 745	18	1 391 345
Eastern Cape Gratuity Fund	2	38 914	2	36 623
Eastern Cape Municipality Pension Fund	2	101 179	2	95 219
Government EE Pension Fund	19	751 454	19	744 464

Provision for ex - gratia benefits

	Male	Total
Eligible employees		
	2	2
Number of pensioners	R1 968	R1 968
Average annual pension	91,4	91,4
Average age		

Reconciliation of assets and liabilities recognised in the balance sheet	14 040	14 890
Total value of liabilities	-	-
Value of assets	**14 040**	**14 890**
Unfunded accrued liability		
	14 040	14 890
Unfunded accrued liability	-	-
Unrecognised actuarial gain	-	-
Unrecognised past service cost	**14 040**	**14 890**
Net liability in the Statement of Financial Position		
	14 040	14 890
Total unfunded liability	7 020	7 445
Average liability per retiree		

Certain pensions are paid by the municipality from its own revenue and are therefore not funded by pension funds. These pensions are payable for life and increase annually but not by any inflationary factor.

The average liability has decreased by 10% due to an increase in the net discount rate and an increase in the average age.

The total liability has decreased by 10% (or R1 670) since the last valuation, due to the above, combined with the fact that the number of pensioners has not changed.

Analysis of the unexpected movement in the liability	**1 930**	**1 930**
Actuarial gain for the period		
Contributions to actuarial loss :	(330)	(330)
Basis changes : increase in net discount rate	-	-
Application of post-employment morality improvement	1 860	1 860
Changes to membership profile different from assumed	400	400
Actual benefits vested, greater than expected		

The actuarial loss attributable to pensioner profile changes arises because there were no exits during the year, whereas some reduction in the liability due to deaths was expected.

	14 890	14 890
Present value of fund obligation at the beginning of the year	-	-
Current service costs	1 160	1 160
Interest Cost	1 930	1 930
Actuarial (gain)/losses	(3 940)	(3 940)
Expected benefit payments	**14 040**	**14 040**

Reconciliation of fair value of plan assets:	-	-
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employee	-	-
Past service costs	-	-
Actuarial (gain)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year		

Trend Information	2025	2024	2023
	11 690	11 690	14 040
Present value of obligations	-	-	-
Fair value of plan assets			

		2024	Restated 2023
		R	R
	11 690	11 690	14 040

History of liabilities and assets

The amounts for the current and the previous four periods were as follows:

	2024	2023	2022	2021	2020
Ex gratia obligation	14 040	14 040	14 890	16 560	40 936
Plan assets	-				
Surplus/(deficit)	**(14 040)**	**(14 040)**	**(14 890)**	**(16 560)**	**(40 936)**

History of experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.

The amounts for the current and the previous four periods were as follows:

	2024	2023	2022	2021	2020
Liabilities gain/(loss)	2 260	2 260	2 311	(19 372)	(47 498)
Assets gain/(loss)	-	-	-	-	-

Current service costs and interest costs

	2024	2023
Total cost	1 160	1 160

There are no Current-Service Costs as there are no eligible employees.

The Interest Cost represents the accrual of interest on the Total Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because the pensions are one year closer to payment.

Net liability in the Statement of Financial Position

	2024	2023
Opening balance	14 890	14 890
Current service cost	-	-
Interest cost	1 160	1 160
Expected return on plan assets	-	-
Transitional liability recognised		
Actuarial (gain)/losses	1 930	1 930
Net periodic cost recognised in surplus and deficit	3 090	3 090
Expected employee benefit payments	(3 940)	(3 940)
Transitional liability recognised outside surplus and deficit	-	-
Closing balance	**14 040**	**14 040**
Current portion of liability (due in the next 12 months)	3 520	3 520
Non-current portion of liability	10 520	10 520

Sensitivity analysis on the unfunded accrued liability

Assumption	Change	Total Liability	% Change
Long term discount rate			
Central assumptions		14 040	
Discount rate	+1%	13 570	-3%
	-1%	14 530	3%
Post-retirement mortality	+1 yr	13 460	-4%
	-1 yr	14 620	4%

Assumption	Change	Interest cost	% Change
Interest cost			
Central assumptions		1 160	
Discount rate	+1%	1 240	7%
	-1%	1 070	-8%
Post-retirement mortality	+1 yr	1 100	-5%
	-1 yr	1 210	4%

Key actuarial assumptions used

Assumption	Value p.a	Value p.a
Discount Rate	9,46%	9,46%
Pension inflation rate	0,00%	0,00%
Net discount rate	9,46%	9,46%
Mortality in retirement	PA(90)-1	PA(90)-1

Since there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 8.80% per annum has been used. This rate does not reflect any adjustment for taxation, and was deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023.

Provision for long service benefits

An actuarial valuation has been performed of the municipality's liability for long service benefits relating to long service awards to which employees may become entitled to. The municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive . This provision is the present value of the total long service awards expected to become payable under the municipality's current arrangements and based on the actuarial assumptions made. The municipality has elected to recognise the provision in full.

Summary for eligible employees

	2024	2023
Number of eligible employees	1 285	1 364
Average annual salary	330 068	305 316
Average age	47	46
Average past service	14,02	12,7

Long service awards for the levels of past service

Completed Service (in years)	Long Service Bonuses (% of interim Salary)	Description
5	3,9%	(5 /260 + 2%) x interim salary
10	6,8%	(10 /260 + 3%) x interim salary
15	9,8%	(15 /260 + 4%) x interim salary
20	10,8%	(15 /260 + 5%) x interim salary
25, 30, 35, 40, 45	11,8%	(15 /260 + 6%) x interim salary

In the month that each " Completed Service " milestone is reached, the employee is granted a long service award.

Working days awarded are valued at 1/260th of annual earnings per day.

The Municipality indicated that employees' basic salaries, referred to as "earnings "in this report, are used to determine the Rand Value of Long Service Award (LSA).

In addition the retirement gifts are awarded to all employees who retire at age 65. According to the Municipality, only 3% of employees are expected to receive the retirement gift, since the majority retire before age 65.

The value of the retirement gift are as follows :

R 1 730 for employees with under twelve years of total service at retirement.

R3 240 for employees with twelve or more years of total service at retirement.

Management confirmed that these values are fixed i.e. there are no planned future increases.

The Municipality does not pay any pro-rata LSA.

Employee related costs

	2024	2023
Current service cost	3 984 000	4 265 000
Interest cost	4 661 000	4 603 000

(i) The Current- Service Cost reflects the additional liability that is expected to accrue in respect of in-service members over the corresponding year.

(ii) The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit vesting's, over the corresponding year. This arises because all future LSA benefits are one year closer to payment

Provision for long service award liability

	2024	2023
Opening accrued liability	46 550 000	45 342 000
Current service cost	3 984 000	4 265 000
Interest cost	4 661 000	4 603 000
Benefit vesting's	(7 606 000)	(5 724 020)
Total interim expense	1 039 000	3 143 980
Actuarial loss / (Gain)	2 344 000	(1 935 980)
Closing Accrued Liability	**49 933 000**	**46 550 000**

Reconciliation of assets and liabilities recognised in the Statement of Financial Position

	2024	2023
Present value of fund accrued liability	**49 933 000**	**46 550 000**
Fair value of plan assets	-	-
Unrecognised actuarial gain	-	-
Unrecognised transition liability	-	-
Unrecognised past service cost	-	-
Net liability in the Statement of Financial Position	**49 933 000**	**46 550 000**

Net liability to reflect in the Statement of Financial Position

	2024	2023
Opening balance	46 550 000	45 342 000
Current service cost	3 984 000	4 265 000
Interest cost	4 661 000	4 603 000
Expected return on plan assets	-	-
Transitional liability recognised	-	-
Actuarial loss/(gains) recognised in surplus and deficit	2 344 000	(1 935 980)
Past service cost	-	-
Effect of Curtailment / Settlement	-	-
Miscellaneous Item		
Net Periodic Cost Recognised in profit and loss	-	-
Expected employer benefit vesting's	(7 606 000)	(5 724 020)
	49 933 000	**46 550 000**

Notes to the Annual Financial Statements

	2024 R	Restated 2023 R
Current portion of liability (due in the next 12 months) refer to **Note 9**	7 746 323	7 951 000
Non - current portion of the liability	42 186 677	38 599 000
Reconciliation of present value of accrued liability:		
Present value of accrued liability at the beginning of the year	46 550 000	45 342 000
Current service costs	3 984 000	4 265 000
Interest cost	4 661 000	4 603 000
Expected return on plan assets	-	-
Actuarial (gain)/losses	2 344 000	(1 935 980)
Expected employee benefit vesting's	(7 606 000)	(5 724 020)
Closing balance	**49 933 000**	**46 550 000**
Total unfunded liability	49 933 000	46 550 000
Average liability per member	38 858	34 128
Reconciliation of affair value of plans assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employee	-	-
Past service costs	-	-
Actuarial gains/(losses)	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Trend information	2025	2024	2023
Present value of obligations	50 668 000	49 933 000	46 550 000
Fair value of plan assets	-	-	-
	50 668 000	**49 933 000**	**46 550 000**

History of liabilities and assets

The amounts for the current and the previous four periods were as follows:

	2024	2023	2022	2021	2020
Long service obligation	49 933 000	46 550 000	45 342 000	45 712 000	43 221 000
Plan assets	-	-	-	-	-
Surplus/(deficit)	**(49 933 000)**	**(46 550 000)**	**(45 342 000)**	**(45 712 000)**	**(43 221 000)**

History of experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.

The amounts for the current and the previous four periods were as follows:

	2024	2023	2022	2021	2020
Liabilities gain/(loss)	2 073 000	582 020	(4 244 535)	536 373	(2 247 535)
Assets gain/(loss)	-	-	-	-	-

	2024	2023
Actuarial (gain)/loss for the period	**2 344 000**	**(1 935 980)**
Contribution to the actuarial loss:		
Increase in net discount rate	-	(2 518 000)
Increases in assumed average retirement age	-	-
Application of revised withdrawal rates	-	-
Earnings increases (lower)/higher than assumed	-	(226 000)
Changes to employee profile different from assumed	-	744 000
Actual benefits vesting, lower than expected	-	64 020

The main reasons for the actuarial loss can be attributed to the following factors:

1. Changes in economic variables

Interest rates, bond yields and inflation figures changed significantly, which resulted in an increase in the liability of R271 000.

2. Membership changes, average monthly subsidy and other experience items

Over the past year, there have been various changes in membership data. Despite a decrease in the membership, the average salary increased with 8,1%, which is larger than expected at the previous valuation. The average past service of the employees also increased more than expected. The net effect of this, along with some other smaller factors, resulted in an increase in the liability of R2 073 000.

Key actuarial assumptions used

Financial assumptions	2024	2023
Discount rate	11,06%	10,92%
Consumer price inflation	5,85%	5,39%
General salary inflation (long -term)	6,85%	6,39%
Net effective discount rate	3,95%	4,26%

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

Consequently, a discount rate of 11.06% per annum has been used. The implied duration of the liability for this valuation is 5.69 years.

These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 28 June 2024.

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2024 of 5.1%. The next salary increase was assumed to take place on 01 July 2025.

Demographic Assumptions	
Average retirement age	62
Mortality during employment	SA85 -90

Withdrawal form service (sample annual rates)

Age	Rate	
	Female	Male
20 - 24	9%	9%
25 - 29	8%	8%
30 - 34	6%	6%
35 - 39	5%	5%
40 - 44	5%	5%
45 - 49	4%	4%
50 - 54	0%	0%
55 - 59	0%	0%

	2024	Restated 2023
	R	R

Sensitivity analysis assumption Accrued liability (R)

To illustrate the sensitivity of changes in certain key variables, the liabilities have been calculated using the following assumptions:
- 20% increase/decrease in the assumed level of mortality;
- 1% increase/decrease in the Medical Aid inflation;
- 1% increase/decrease in the discount rate;
- 1 year increase/decrease in the average retirement age

Withdrawal rate

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rate of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
	R	R	R
Total Accrued Liability	[illegible]1 605 000	49 933 000	48 261 000
Interest Cost	4 015 000	3 785 000	3 743 000
Service Cost	5 512 000	5 319 000	5 138 000

The table above indicates for example that if the withdrawal rate is 20% greater than the long-term assumption made, the liability will be 3% lower than shown.

Normal Salary Inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

	-1% Normal Salary Inflation	Valuation Assumption	+1% Normal Salary Inflation
	R	R	R
Total Accrued Liability	47 440 000	49 933 000	52 634 000
Interest Cost	3 677 000	3 875 000	4 091 000
Service Cost	5 032 000	5 319 000	5 630 000

The table above indicates for example that if the normal salary inflation rate is 1% greater than the long-term assumption made, the liability will be 5% higher than shown.

Discount rate

The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cashflows. If the discount rate is higher the present value of the liability will be lower and vice versa.

	-1% Discount rate	Valuation Assumption	+1% Discount rate
	R	R	R
Total Accrued Liability	52 547 000	49 933 000	47 555 000
Interest Cost	4 084 000	3 875 000	3 686 000
Service Cost	5 112 000	5 319 000	5 501 000

The table above indicates for example that if the normal salary inflation rate is 1% greater than the long-term assumption made, the liability will be 5% lower than shown.

Average retirement age

The liability value is directly influenced by the assumption about the average retirement age of members as this determines the length these benefits are paid out to members.

	-1% Average retirement age	Valuation Assumption	+1% Average retirement age
	R	R	R
Total Accrued Liability	47 300 000	49 933 000	52 315 000
Interest Cost	3 695 000	3 875 000	4 059 000
Service Cost	5 018 000	5 319 000	5 593 000

The table above indicates for example that if the average retirement age is 1% greater than the long-term assumption made, the liability will be 4% higher than shown.

11. Non - current provisions

	2024	2023
Rehabilitation provision - landfill site	12 148 518	11 515 183

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

	2024	2023
Opening balance	11 515 183	10 914 865
Increase in the estimate	633 335	600 318
Closing balance	**12 148 518**	**11 515 183**

Provision for rehabilitation of landfill site

Provision is made in terms of the municipality's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an average inflation rate of 5,5% and discounted to present value at the average borrowing cost. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2012 and 2032.

The comparative figure for Non-current provisions has been restated. Refer to **Note 44.**

12. Inventories

	2024	2023
Housing projects	36 685 477	36 685 835
Consumable stores	40 526	7 064
Water	1 971 192	3 523 852
VIP toilets	97 206 570	2 055 758
	135 903 765	**42 272 508**

The comparative figure for inventories has been restated. Refer to **Note 44.**

Housing projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance.
A stock count of inventory on hand was conducted at year end and these quantities have been costed.

VIP toilets

Raw materials on hand have been disclosed as part of the VIP toilet inventory, this raw material is used to construct the VIP units.
A stock count was conducted at year end and these quantities were costed.

Water inventory

Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Engineers thus determined the water on hand for each scheme based on the capacity of reservoirs and pipelines.

Write down of inventory

Raw materials of R358 (2023:R358) on site for the housing projects were found to be damaged and were not suitable for construction.
No inventory pledged as a security.

Notes to the Annual Financial Statements

	2024 R	Restated 2023 R
13. Trade and other receivables from exchange transactions	357 372 459	[illegible]
Consumer receivables	5 320 526	2 304 118
Other receivables	362 692 985	236 584 591

The comparative figure for Trade and other receivables from exchange transactions has been restated. Refer to **Note 44.**

Consumer receivables

Balance as at 30 June 2024	Gross balances	Allowance for impairment	Net balance
	1 019 841 875	[illegible]	229 733 549
Water	532 386 839	(413 287 434)	119 099 405
Sanitation	20 695 018	(12 155 513)	8 539 505
Other	**1 572 923 732**	**(1 215 551 273)**	**357 372 459**

Balance as at 30 June 2023	Gross balances	Allowance for impairment	Net balance
	662 466 424	[illegible]	157 832 386
Water	306 863 174	(233 753 135)	73 110 039
Sanitation	14 010 715	(10 672 666)	3 338 048
Other	**983 340 313**	[illegible]	**234 280 473**

Water and sanitation - Gross Debtors ageing	38 067 205	56 246 074
Current (0-30 days)	74 165 669	81 040 068
30 -60 days	80 748 395	53 533 364
60 - 90 days	76 026 804	68 573 420
90 - 120 days	469 599 412	50 301 769
120 - 330 days	834 316 248	673 645 618
330+ days	**1 572 923 733**	**983 340 313**

Summary of debtors by customer classification - 30 June 2024	Domestic	Industrial / Commercial	National and Provincial Government	Total
	30 834 436	1 522 688	5 710 081	38 067 205
Current (0-30 days)	60 074 192	2 966 627	11 124 850	74 165 669
30 -60 days	65 406 200	3 229 936	12 112 259	80 748 395
60 - 90 days	61 581 712	3 041 072	11 404 021	76 026 805
90 - 120 days	380 375 523	18 783 976	70 439 912	469 599 411
120 - 330 days	673 142 145	33 931 390	127 242 714	[illegible] 607 485
330+ days	1 271 414 208	63 475 689	238 033 837	1 572 923 734
Subtotal	(984 596 531)	[illegible]8 622 051)	(182 332 691)	(1 215 551 273)
Less: Allowance for Impairment	**286 817 677**	**14 853 638**	**55 701 146**	**357 372 459**

Summary of debtors by customer classification - 30 June 2023	Domestic	Industrial / Commercial	National and Provincial Government	Total
	45 559 320	2 249 843	8 436 911	56 246 074
Current (0-30 days)	65 642 455	3 241 603	12 156 010	81 040 068
30 -60 days	43 362 025	2 141 335	8 030 005	53 533 365
60 - 90 days	55 544 470	2 [illegible] 937	10 286 013	68 573 420
90 - 120 days	40 744 433	2 012 071	7 545 265	50 301 769
120 - 330 days	535 653 008	29 051 076	108 941 534	673 645 618
330+ days	786 505 711	41 438 865	155 395 738	983 340 314
Subtotal	[illegible]	(31 703 861)	(118 889 480)	(749 059 840)
Less: Allowance for impairment	**188 039 212**	**9 735 004**	**36 506 258**	**234 280 474**

Credit quality of trade and other receivables
The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

Trade receivables		
Counterparties without external credit rating	16%	16%
A - Government	4%	4%
B - Businesses	80%	80%
C - Domestic and other	**100%**	**100%**

A - The debtors are of good credit quality and default in payment is not expected.
B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time.
C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Method of determining credit quality of trade and other receivables from exchange transaction
The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. Consumer debtors with a demonstrative ability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief. The municipality has determined the above credit ratings internally through the consideration of previous payment trends per debtor type. Interest is raised at prime on overdue accounts.

Trade and other receivables past due but not impaired

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

	44 499 401	48 624 041
1 month past due	16 149 679	10 706 673
2 months past due	15 205 361	13 714 684
3 months past due	93 919 882	10 060 354
4 months past due	187 598 136	151 174 722
greater than 4 months		

Trade and other receivables impaired
[illegible] June 2024 (R749 059 841 as of 30 June 2023).

The ageing of these is as follows:	[illegible]	[illegible]
1 to 3 months	[illegible]	[illegible]
3 to 6 months	[illegible] 598 716	[illegible]
6 to 9 months	[illegible]	[illegible]
more than 9 months past due		

Reconciliation of provision for impairment of trade and other receivables

	[illegible]	319 167 488
Opening balance	466 491 434	[illegible]
Provision for impairment	-	-
Amounts written off as uncollectable	[illegible]	-
Amounts reversed during the year	**1 215 551 275**	[illegible]
Closing balance		

The estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the consumer debtor is impaired.

Other receivables from exchange transactions	258 337	336 979
Property Rental	40 368	94 718
Staff recovery	3 259 128	-
Accrued interest (debtor)	1 750 000	-
Prepayment	-	1 864 763
Salary control account	12 693	7 658
Bank suspense account	**5 320 526**	**2 304 118**

Other receivables includes amounts relating to debt owed be lessees from the rental of municipal property.

14. Receivables from non - exchange transactions	15 010 727	7 013 876
Total other debtors		
Receivables from non - exchange transactions	4 214 626	3 522 372
Sundry receivables	7 434 273	-
Debtor: Department of Water and Sanitation	6 763 369	6 836 062
Returned payments	(3 401 540)	(3 344 558)
Less: Allowance for doubtful debts		
	15 010 727	**7 013 876**

The comparative figure for Receivables from non-exchange transactions has been restated. Refer to **Note 44.**

In determining the recoverability of other receivables, the municipality considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.

The fair value of other receivables approximates their carrying amounts.

Debtor: National Treasury
An amount of R559 164 relating to the CETA grant for Spatial Planning and Economic Development and [illegible] 875 109 relating to the RBIG grant to be received by the Municipality.

Receivables from non - exchange transactions past due but not impaired

Other receivables from non - exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2024, Rnil (2023: Rnil) were past due but not impaired.

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

	2024 R	Restated 2023 R
3 months past due	[illegible]	[illegible]

Receivables from non - exchange transactions impaired

	2024	2023
The amount of the provision	3 401 540	3 344 558

Reconciliation of provision for impairment of receivables from non - exchange transaction

	2024	2023
Opening balance	3 344 558	-
Provision for impairment	56 982	3 344 558
Amounts written off as uncollectible	-	-
	3 401 540	**3 344 558**

15. Current Investments

	2024	2023
Current Investment	8 060 606	7 434 597

The above fixed deposit accounts have been classified as financial assets at amortised cost in accordance with GRAP 104: Financial instruments.
Maturity period is fixed with 12 months remaining. The maturity date of R3 million is July 2024 in Standard Bank, R2 million February 2025 and R2 million December 2024 in Investec

16. Cash and cash equivalents

	2024	2023
Cash on hand	9 000	9 000
Bank balances (current and call account)	174 222 924	354 960 992
Short - deposits	45 685 591	31 289 834
	219 917 515	**386 259 826**

The comparative figure for cash and cash equivalents has been restated. Refer to **Note 44.**

An amount of R30 979 253 (2023: R272 456 632) of the unspent conditional grants is included in cash and cash equivalents. Investments of R46 226 419 have been included as short term deposits as this Investment has been invested for less than three months .

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2024	Bank statement balances 30 June 2023	Bank statement balances 30 June 2022	Cash book balances 30 June 2024	Cash book balances 30 June 2023	Cash book balances 30 June 2022
ABSA BANK Account no - 406-309-3498	10 909 018	3 956 819	340 184	10 909 018	3 956 819	340 184
Standard Bank Account no - 081-109-3454	1 332 592	1 798 767	2 433 572	1 332 592	1 798 767	2 433 572
Nedbank Account no - 1219684260 (Primary bank account)	15 997 402	5 851 163	130 503 477	15 997 402	5 851 163	130 503 477
BANK:ES 1714026 NED	694 991	4 443 149	-	694 991	4 443 149	18 159 643
MIG:..1170840 NED	2 000 000	269 071 544	-	2 000 000	269 071 544	-
WSIG:..1170832 NED	1 000 000	5 954 490	-	1 000 000	5 954 490	-
RBIG-..1170824 NED	4 000 000	6 215 922	-	4 000 000	6 215 922	-
INTEREST:1170735 NED	79 166 078	27 894 974	6 959 505	77 970 350	27 894 975	6 117 851
EPWP ..1170794 NED	1 455 924	25 623	-	1 455 924	25 623	-
COVID-19:1170751 NED	-	396 386	396 386	-	396 386	396 386
BANK:OTHER 03/788 1170743	30 072 289	3 449 969	8 248 302	30 072 289	3 449 969	8 248 302
Bank RRAMS 1170816	892 476	148 379	-	892 476	148 379	-
Bank FMG 1170808 NED	140 237	740 629	-	140 237	740 629	-
Bank:LED SUMMIT NED 03/7831170778	203 000	203 000	203 000	203 000	203 000	203 000
Bank : Ned 03/7881170786 Retention	25 292 419	24 810 175	22 494 167	25 292 419	24 810 175	22 494 167
Bank: Ned 11707735	7 559 498	-	-	7 000 000	-	-
Investec Bank	24 416 150	22 741 494	19 532 115	22 056 822	20 569 500	19 532 122
ABSA Bank 2080249238 and 9386688141	17 169 597	10 720 334	10 237 306	16 628 770	10 720 334	10 237 306
Nedbank Account no - 1186828	2 262 225	-	-	2 262 225	-	-
Petty cash and cash floats	9 000	9 000	9 000	9 000	9 000	9 000
Total	**224 572 897**	**388 431 818**	**201 357 014**	**219 917 516**	**386 259 826**	**218 675 011**

With effect 1 December 2021, the municipality changed the primary banking to Nedbank.
The bank balances in the table above include an amount of R2 359 335 that is disclosed as part of the current investments in Note 15
The comparative figure for cash and cash equivalent was restated. Refer **Note 44.**

17. VAT receivable

	2024	2023
VAT	5 548 022	10 630 474

VAT is on the payment basis. All returns were submitted on time during the year.
The VAT payable is comprised as follows:

	2024	2023
VAT control account	5 548 022	10 630 474

The comparative figure for VAT payable has been restated, refer **Note 44.**

18. Trade and other payables from non-exchange transactions
Unspent conditional grants and receipts comprise of :

	2024	2023
Total Unspent conditional grants and receipts	**30 979 253**	**270 856 630**

	2024	2023
National government grants	5 537 735	245 824 088
Provincial government grants	24 816 893	24 833 523
Other grant providers	624 626	199 022
	30 979 253	**270 856 630**

Movement during the year

	2024	2023
Balance at the beginning of the year	270 856 632	120 876 257
Additions during the year	622 779 331	512 678 817
Income recognition during the year	(621 910 439)	(269 116 898)
Funds returned	(240 746 271)	(93 581 544)
Balance at the end of the year	**30 979 253**	**270 856 632**

The unspent conditional grant funding is covered within the cash and cash equivalents and current investments.

The comparative figure for Trade and other payables from non-exchange transactions was restated. Refer **Note 44.**

18.1 Unspent capital monetary allocations

	2023/2024					
	Opening Balance	Funds Received	Reversal of Accrued Income	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS						
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	449 612	67 400 000	-	(67 292 548)	(449 612)	107 452
MUNICIPAL DISASTER RELIEF GRANT (MDRG)	-	-	-	-	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)	2 620 933	66 259 167	-	(68 880 100)	-	(0)
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	240 296 659	482 415 000	-	(479 441 604)	(240 296 659)	2 973 396
TOTAL UNSPENT CAPITAL MONETARY ALLOCATIONS	**243 367 204**	**616 074 167**	-	**(615 614 252)**	**(240 746 271)**	**3 080 848**

18.2 Unspent operational monetary allocations

	2023/2024				
	Opening Balance	Funds Received	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS					
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	-	1 250 000	(1 250 000)		-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	-	3 905 000	(3 905 000)		-
ROAD ASSET MANAGEMENT SYSTEM (RRAMS)	4	3 545 000	(3 544 998)		6
DUTYWA	460 000				460 000
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	(36 271)				(36 271)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	142 865				142 865
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	1 890 287				1 890 287
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	650 289				650 289
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	193 316				193 316
MNQUMA WAR ON LEAKS	(296 703)				(296 703)
SHIXINI WATER SUPPLY	6 487				6 487
WATER SERVICE SUPPORT	562 068				562 068
COMMUNAL WATER STATIONS (DST/ CSIR)	309 585				309 585
FREE BASIC SERVICES STRATEGY DEVELOPMENT	330 000				330 000

	Restated
2024	2023
R	R

TOTAL NATIONAL GOVERNMENT GRANTS	**4 211 926**	**8 700 000**	**(8 699 998)**	-	**4 211 928**
PROVINCIAL GOVERNMENT GRANTS					
PLANNING GRANT DLA	1 456 032	-	-	-	1 456 032
VICTORIA POST	152 250	-	-	(113 685)	38 565
TEXO SPRING / NDLOVINI	68 161	-	-	(2 083)	66 078
NEEDS CAMP	33 714	-	-	(33 714)	-
HOGSBACK	130 884	-	-	(125 684)	5 200
HAGA HAGA	41 923	-	-	(41 923)	-
WILLOWVALE	171 954	-	-	(105 499)	66 455
ELLIOTDALE	9 274	-	-	20 541	29 815
NDEVANA	34 766	-	-	(34 766)	-
MSOBOMVU	57 530	-	-	(36 216)	21 314
HERTZOG	84 070	-	-	(19 420)	64 650
GREAT KEI PLANNING FUNDS	4 029	-	-	3 021	7 650
MNQUMA PLANNING FUNDS	110 000	-	-	(110 000)	-
NGQUSHWA PLANNING FUNDS	46 667	-	-	(46 667)	-
NKONKOBE PLANNING FUNDS	53 063	-	-	(53 063)	-
MNQUMA SURVEY	25 000	-	-	(25 000)	-
SURVEY INTEREST & CONTRIBUTION	61 680	-	-	(41 680)	20 000
NGQUSHWA SURVEY FUNDS	177 510	-	-	(149 467)	28 043
NKONKOBE SURVEY	116 200	-	-	(15 657)	100 543
LEWIS SURVEY	141 125	-	-	(44 793)	96 333
DIPHINI SURVEY GKM LM	-	-	-	3 800	3 800
SETTLEMENTS CONVEYANCING	-	-	-	65 110	65 110
SETTLEMENTS PEGGING & SURVEYS	-	-	-	70 122	70 122
MGWALI & CENYU T/SHIP REGISTER OPENING, AMAHLATHI LM	-	-	-	50 000	50 000
SDF PROJECTS	-	-	-	10 000	10 000
TACHEY SURVEYS, AMAHLATHI SETTLEMENT	-	-	-	160 000	160 000
CATHCART SMALL TOWN REGENERATION STRATEGY	-	-	(16 630)	320 000	303 370
SITE RELOCATION FOR KOMGA ZONE 10	-	-	-	230 000	230 000
GP REGISTRATION KEI ROAD NORTHERN NODE SETTLEMENT	-	-	-	50 000	50 000
LAND SETTLEMENTS TRANSFERS	-	-	-	108 000	108 000
SETTLEMENTS RISK AND FRAUD PLAN	-	-	-	10 000	10 000
PRUDOE ENGINEERING DESIGN	1 348	-	-		1 348
DONGWE ENGINEERING DESIGN	9 499	-	-		9 499
KUBUSIE ESTABLISHMENT GRANT	698	-	-		698
NDLOVINI ESTABLISHMENT GRANT	8 986	-	-		8 986
DUCATS ESTABLISHMENT GRANT	70 542	-	-		70 542
MACLEANTOWN ESTABLISHMENT GRANT	16 849	-	-		16 849
PRUDOE ESTABLISHMENT GRANT	51 233	-	-		51 233
DONGWE ESTABLISHMENT GRANT	76 675	-	-		76 675
TEKO SPRING ESTAB GRANT	35 082	-	-		35 082
NEEDS CAMP ESTABLISHMENT GRANT	66 222	-	-		66 222
TEKO SPRING TOP STRUCTURE	106 438	-	-		106 438
PRUDOE TOP STRUCTURE	447 353	-	-		447 353
DONGWE TOP STRUCTURE	1 347 309	-	-	-	1 347 309
NEEDSCAMP TOP STRUCTURE	3 838	-	-	-	3 838
DUCATS TOP STRUCTURE SUBSIDY	23 234	-	-	-	23 234
KUBUSI TOP STRUCTURE	3 816	-	-	-	3 816
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	2 643	-	-	-	2 643
KAYSERS BEACH HOUSING PROJECT	18 881	-	-	-	18 881
LILLYVALE ENG DESIGNS	5 940	-	-	-	5 940
RESTITUTION AWARD (DLA)	2 097 062	-	-	-	2 097 062
GROUND)	3 215	-	-	-	3 215
ENVIROMENTAL IMPACT ASSESMENT	739 235	-	-	-	739 235
GEO HYDROLOGY	1 394 200	-	-	-	1 394 200
BAWA FALLS LED	102 936	-	-	-	102 936
ELLIOTDALE BRICK MAKING	232 803	-	-	-	232 803
EC INFORMATION INITIATIVE SUPPORT	5 755	-	-	-	5 755
ECDOT: BUTTERWORTH INTERCHANGE	1 506 964	-	-	-	1 506 964
ROOF TOP RAIN WATER HARVESTING	3 900	-	-	-	3 900
NGQUSI RAIN WATER HARVESTING	5 700	-	-	-	5 700
SILWINDLALA WOMEN'S PROJECT	2 303	-	-	-	2 303
BALFOUR SAWMILS	8 019	-	-	-	8 019
HIGHLANDS RESORTS	75 836	-	-	-	75 836
PEDDIE BRICKS MAKING	1 495	-	-	-	1 495
INKUTHALO HYDROPONICS	1 524	-	-	-	1 524
CAPACITY BUILDING FOR LM's	5 128	-	-	-	5 128
LED CAPACITY BUILDING - NGQUSHWA	350 000	-	-	-	350 000
CHATHA DEVELOPMENT	2 413 456	-	-	-	2 413 456
FINGOLAND REGIONAL AUTHORITY	101 278	-	-	(101 278)	0
DWESA - CWEBE RESTITUTIONAL	5 308 303	-	-	-	5 308 303
CO-OPERATIVES SPECIALIST	22 280	-	-	-	22 280
TOURISM SURVEY	12 130	-	-	-	12 130
NXUBA DAM CHALETS DEVELOPMENT	6 264	-	-	-	6 264
VUNA AWARDS	9 289	-	-	-	9 289
PUBLIC AWARENESS	365	-	-	-	365
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	18 338	-	-	-	18 338
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	3 378 284	-	-	-	3 378 284
TOTAL PROVINCIAL GRANTS	**23 078 483**	**-**	**(16 630)**	**(0)**	**23 061 853**
OTHER GRANT PROVIDERS					
LG SETA Grants	194 709	1 573 275		(1 147 671)	620 313
PLOUGHING CONTACTORS-WARD 10	1 155				1 155
PLOUGHING CONTRACTOR-NGXAKAXA	1 642				1 642
PLOUGHING CONTRACTOR - Ward 15	1 513				1 513
TOTAL OTHER GRANT PROVIDERS	**199 019**	**1 573 275**	-	**(1 147 671)**	**624 625**
TOTAL UNSPENT OPERATIONAL MONETARY ALLOCA	**27 489 428**	**10 273 275**	**(8 716 628)**	**(1 147 671)**	**27 898 407**

	2022/2023					
	Opening Balance	Funds Received	Reversal of Accrued Income	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS						
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	50 471 669	38 000 000	-	(37 550 388)	(50 471 669)	449 612
MUNICIPAL DISASTER RELIEF GRANT (MDRG)	-	-	-	-	-	
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)	-	67 890 752	(30 447 057)	(34 822 762)	-	2 620 933
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	40 430 885	395 540 000		(155 243 341)	(40 430 885)	240 296 659
TOTAL UNSPENT CAPITAL MONETARY ALLOCATIONS	**90 902 554**	**501 430 752**	**(30 447 057)**	**(227 616 491)**	**(90 902 554)**	**243 367 204**

	2022/2023				
	Opening Balance	Funds Received	Funds Utilised	Funds Returned to Funder	Closing Balance
NATIONAL GOVERNMENT GRANTS					
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	-	1 200 000	(1 200 000)	-	-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	-	4 999 000	(4 999 000)	-	-
ROAD ASSET MANAGEMENT SYSTEM (RRAMS)	1 078 990	3 144 000	(3 143 996)	(1 078 990)	4
DUTYWA	460 000		-	-	460 000
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	(36 271)	-	-	-	(36 271)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	142 865	-	-	-	142 865
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	1 890 287	-	-	-	1 890 287
TOTAL NATIONAL GOVERNMENT GRANTS	**3 535 870**	**9 343 000**	**(9 342 996)**	**(1 078 990)**	**2 456 884**

PROVINCIAL GOVERNMENT GRANTS

PLANNING GRANT DLA	1 456 032	-	-	-	1 456 032
VICTORIA POST	152 250	-	-	-	152 250
TEKO SPRING / NDLOVINI	68 161	-	-	-	68 161
NEEDS CAMP	33 714	-	-	-	33 714
HOGSBACK	130 884	-	-	-	130 884
HAGA HAGA	41 923	-	-	-	41 923
WILLOWVALE	171 954	-	-	-	171 954

ELLIOTDALE	9 274	-	-	-	9 274
NDEVANA	34 766	-	-	-	34 766
MSOBOMVU	57 530	-	-	-	57 530
HERTZOG	84 070	-	-	-	84 070
GREAT KEI PLANNING FUNDS	4 029	-	-	-	4 029
MNQUMA PLANNING FUNDS	110 000	-	-	-	110 000
NGQUSHWA PLANNING FUNDS	46 667	-	-	-	46 667
NKONKOBE PLANNING FUNDS	53 063	-	-	-	53 063
MNQUMA SURVEY	25 000	-	-	-	25 000
SURVEY INTEREST & CONTRIBUTION	61 680	-	-	-	61 680
NGQUSHWA SURVEY FUNDS	177 510	-	-	-	177 510
NKONKOBE SURVEY	116 200	-	-	-	116 200
LEWIS SURVEY	141 125	-	-	-	141 125
PRUDOE ENGINEERING DESIGN	1 348	-	-	-	1 348
DONGWE ENGINEERING DESIGN	9 499	-	-	-	9 499
KUBUSIE ESTABLISHMENT GRANT	698	-	-	-	698
NDLOVINI ESTABLISHMENT GRANT	8 986	-	-	-	8 986
DUCATS ESTABLISHMENT GRANT	70 542	-	-	-	70 542
MACLEANTOWN ESTABLISHMENT GRANT	16 849	-	-	-	16 849
PRUDOE ESTABLISHMENT GRANT	51 233	-	-	-	51 233
DONGWE ESTABLISHMENT GRANT	76 675	-	-	-	76 675
TEKO SPRING ESTAB GRANT	35 082	-	-	-	35 082
NEEDS CAMP ESTABLISHMENT GRANT	66 222	-	-	-	66 222
TEKO SPRING TOP STRUCTURE	106 438	-	-	-	106 438
PRUDOE TOP STRUCTURE	447 353	-	-	-	447 353
DONGWE TOP STRUCTURE	1 347 309	-	-	-	1 347 309
NEEDSCAMP TOP STRUCTURE	3 838	-	-	-	3 838
DUCATS TOP STRUCTURE SUBSIDY	23 234	-	-	-	23 234
KUBUSI TOP STRUCTURE	3 816	-	-	-	3 816
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	2 643	-	-	-	2 643
KAYSERS BEACH HOUSING PROJECT	18 881	-	-	-	18 881
LILLYVALE ENG DESIGNS	5 940	-	-	-	5 940
RESTITUTION AWARD (DLA)	2 097 062	-	-	-	2 097 062
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	3 215	-	-	-	3 215
ENVIROMENTAL IMPACT ASSESMENT	739 235	-	-	-	739 235
GEO HYDROLOGY	1 394 200	-	-	-	1 394 200
BAWA FALLS LED	102 936	-	-	-	102 936
ELLIOTDALE BRICK MAKING	232 803	-	-	-	232 803
EC INFORMATION INITIATIVE SUPPORT	5 755	-	-	-	5 755
ECDOT: BUTTERWORTH INTERCHANGE	1 506 964	-	-	-	1 506 964
ROOF TOP RAIN WATER HARVESTING	3 900	-	-	-	3 900
NGQUSI RAIN WATER HARVESTING	5 700	-	-	-	5 700
SILWINDLALA WOMEN'S PROJECT	2 303	-	-	-	2 303
BALFOUR SAWMILS	8 019	-	-	-	8 019
HIGHLANDS RESORTS	75 836	-	-	-	75 836
PEDDIE BRICKS MAKING	1 495	-	-	-	1 495
INKUTHALO HYDROPONICS	1 524	-	-	-	1 524
CAPACITY BUILDING FOR LM's	5 128	-	-	-	5 128
LED CAPACITY BUILDING - NGQUSHWA	350 000	-	-	-	350 000
CHATHA DEVELOPMENT	2 413 456	-	-	-	2 413 456
FINGOLAND REGIONAL AUTHORITY	101 278	-	-	-	101 278
DWESA - CWEBE RESTITUTIONAL	5 308 303	-	-	-	5 308 303
CO-OPERATIVES SPECIALIST	22 280	-	-	-	22 280
TOURISM SURVEY	12 130	-	-	-	12 130
NXUBA DAM CHALETS DEVELOPMENT	6 264	-	-	-	6 264
VUNA AWARDS	9 289	-	-	-	9 289
PUBLIC AWARENESS	365	-	-	-	365
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	18 338	-	-	-	18 338
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	3 378 284	-	-	-	3 378 284
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	650 289	-	-	-	650 289
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	193 316	-	-	-	193 316
MNQUMA WAR ON LEAKS	(296 703)	-	-	-	(296 703)
SHIXINI WATER SUPPLY	6 487	-	-	-	6 487
WATER SERVICE SUPPORT	562 068	-	-	-	562 068
COMMUNAL WATER STATIONS (DST/ CSIR)	309 585	-	-	-	309 585
FREE BASIC SERVICES STRATEGY DEVELOPMENT	330 000	-	-	-	330 000
TOTAL PROVINCIAL GRANTS	**24 833 523**	-	-	-	**24 833 523**

OTHER GRANT PROVIDERS

LG SETA Grants	(1)	1 905 065	(1 710 355)	-	194 709
PLOUGHING CONTACTORS-WARD 10	1 155	-	-	-	1 155
PLOUGHING CONTRACTOR-NGXAKAXA	1 642	-	-	-	1 642
PLOUGHING CONTRACTOR - Ward 15	1 513	-	-	-	1 513
TOTAL OTHER GRANT PROVIDERS	**4 309**	**1 905 065**	**(1 710 355)**	-	**199 021**
TOTAL UNSPENT OPERATIONAL MONETARY ALLOCAT	**28 373 703**	**11 248 065**	**(11 053 351)**	**(1 078 990)**	**27 489 429**

19. Other payables from non-exchange transactions

	2024 R	Restated 2023 R
Med Aid Retirement contribution	11 192 437	9 299 328
Pension- retirement	866	866
	11 193 303	**9 300 194**

Notes to the Annual Financial Statements

	2024	Restated 2023
	R	R

20. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	7 627 264	514 912			8 142 176
Leave provision	87 083 515	-		(1 356 186)	85 727 329
Provision for Workman's Compensation	3 430 398	3 552 645		(3 430 398)	3 552 645
	98 141 177	**4 067 557**	-	**(4 786 584)**	**97 422 150**

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	7 143 983	483 281		-	7 627 264
Leave provision	143 221 575			(56 138 060)	87 083 515
Provision for Workman's Compensation	3 080 855	349 543		-	3 430 398
	153 446 413	**832 824**	-	**(56 138 060)**	**98 141 177**

Performance bonuses
The uncertainties noted for the provision for Performance Bonus are as follows: Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date. The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2023/24 financial year, however this is subject to change once the assessments have been finalised. The payment of the 2016/17 year has not been paid yet due to financial constraints being experienced by the municipality. No provision has been made for the 2017/18 or 2018/19 financial year as due to the financial situation of the municipality, Directors opted to forfeit the performance bonuses.

Provision for leave
The obligation for leave pay is certain, on the basis that the municipality does not have an unconditional right to avoid settlement.
The timing for the leave provision is however uncertain.

Provision for Workman's Compensation
The obligation for the payment of workman's compensation is certain, on the basis that the municipality does not have an unconditional right to avoid settlement.
Since the assessment for the current year is not available, the amount of the provision has been estimated based on historical payments. The timing and the amount for the provision is however uncertain.

21. Trade and other payables from exchange transactions

	2024	2023
Trade payables	528 589 346	491 425 689
Other payables	35 639 715	26 322 589
Accruals	53 466 711	24 165 078
Accrued service bonus	15 451 020	14 614 138
Retention payable	36 080 973	26 182 499
	669 227 764	**582 709 994**

	2024	2023
Other payables include:		
Debtors with credit balances	25 178 632	15 366 467
Unidentified receipts	5 680 308	6 227 297
Accrued interest		1 291 339
Salary Control account	202 046	-
Sundry payables	4 578 729	3 437 486
	35 639 715	**26 322 589**

The comparative figure has been restated, refer **Note 44.**

Fair value of trade and other payables
Trade creditors are non -interest bearing and are normally settled on 30-day terms.
Retentions are non - interest bearing and are settled in terms of the contract agreement.
Management policies are in place to ensure that all payables are paid within a reasonable time frame.

Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.
The carrying amount of trade payables approximates their fair value due.

The movement on the service bonus accrual balances as above for the year was as follows:

	2024	2023
Accrued service bonus		
Opening balance	14 614 138	14 358 873
Additional provision	836 882	255 265
Unused amounts reversed	-	-
Closing balance	**15 451 020**	**14 614 138**

The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year. The municipality has an obligation to pay a service bonus in terms of its condition of employment.

22. Taxes and transfers payable (non - exchange)

	2024	2023
Other payables from non - exchange transactions	10 650 173	-

PAYE, UIF and SDL for June 2024 financial year was paid in July 2024.

23. Consumer deposits

	2024	2023
Water and Sanitation	4 030 238	3 801 256

The consumer deposits relate to the water and sanitation function.
The municipality does not have an unconditional right to defer the payment of the consumer deposits.
Deposits are released when an owner of the property terminates the contract with the municipality to supply water to the property.

24. Revenue

	2024	2023
Service charges	562 672 259	490 452 254
Rental of facilities and equipment	302 174	288 875
Interest earned outstanding receivables	109 780 455	49 955 130
Other income	1 448 615	1 431 289
Interest received - investments	45 054 658	24 833 840
Government grants & subsidies	1 718 678 711	1 196 733 905
Donations received	-	-
	2 437 936 873	**1 763 695 293**

	2024	2023
The amount included in revenue arising from exchange of goods or services are as follows:		
Service charges	562 672 259	490 452 254
Rental of facilities and equipment	302 174	288 875
Interest earned outstanding receivables	109 780 455	49 955 130
Other income	1 448 615	1 431 289
Interest received - investments	45 054 658	24 833 840
	719 258 163	**566 961 388**

	2024	2023
The amount included in revenue arising from Non exchange of goods or services are as follows:		
Donations received	-	-
Transfer revenue		
Government grants & subsidies	1 718 678 711	1 196 733 905
	1 718 678 711	**1 196 733 905**

25. Service charges

	2024	2023
Sale of water	347 507 163	360 663 751
Sewerage and sanitation charges	206 880 357	121 871 109
Other service charges	8 284 739	7 917 394
	562 672 259	**490 452 254**

Service charges are reflected at an amount net of subsidy to indigents amounting to R10 142 796 (2023 : R19 227 565) and R1 688 751.03 (2023: Rnil) from the debt incentive scheme for both water and sanitation.
The comparative figure for Service charges has been restated, refer **Note 44.**

26. Rental facilities and equipment

	2024	2023
Facilities and equipment		
Premises and facilities	302 174	288 875
	302 174	**288 875**

	2024 R	Restated 2023 R
27. Other income		
Commission	959 049	911 557
Sundry income	489 566	519 732
	1 448 615	**1 431 289**
28. Interest received - investment		
Bank	41 227 974	22 278 700
Financial assets	3 826 685	2 555 139
	45 054 658	**24 833 840**

The comparative amount has been restated. Refer **Note 44**.

29. Government grants and subsidies

	2024 R	Restated 2023 R
29.1 Operating grants		
Other government grants and subsidies	[redacted]	38 880 856
Levy replacement grant	497 543 000	470 031 000
Equitable share	591 791 000	489 296 000
	1 117 503 176	**998 207 856**
29.2 Capital grants		
Water services infrastructure grant (WSIG)	67 292 547	35 708 655
Rural bulk infrastructure grant (RBIG)	72 187 096	33 559 825
Municipal infrastructure grant (MIG)	[redacted]	129 257 569
Municipal Relief Disaster Grant	-	-
	601 175 535	**198 526 049**
	1 718 678 711	**1 196 733 905**

Within the grants and subsidies amounts above, as per Circular 48 ADM has recognised the following amounts as own revenue:

	2024	2023
Other grants	16 486 707	9 902 884
MIG	59 564 2[illegible]7	16 775 083

Other government grants and subsidies includes:

	2024	2023
MIG	[redacted]	27 827 505
RRAMS	3 544 998	3 143 996
EPWP	3 905 000	4 999 000
FMG	1 250 000	1 200 000
Human Settlements	16 630	-
Sita	1 147 671	1 710 355
Ceta	559 164	
	28 169 176	**38 880 856**

Conditional and Unconditional

Unconditional

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.
All registered indigent receive a monthly subsidy of which is funded from the grant.

	2024	2023
Equitable share		
Current year receipts	591 791 000	489 296 000
Conditions met - transferred to revenue	(591 791 000)	(489 296 000)
	-	-
Levy grant replacement		
Current year receipts	497 543 000	470 031 000
Conditions met - transferred to revenue	(497 543 000)	(470 031 000)
	-	-

Regional Services Council levies were abolished during 2006. This grant is used to subsidise the operations of the District Municipality due to the significant change in funding.

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 24 of 2024), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

Conditional

	2024	2023
Municipal infrastructure grant (MIG)		
Balance unspent at beginning of year	240 296 659	40 430 885
Current year receipts	482 415 000	395 540 000
Conditions met - transferred to revenue	(479 441 604)	(155 243 341)
Unspent amount returned to funder	(240 296 659)	(40 430 885)
Conditions still to be met - remain liabilities (see note 18)	**2 973 396**	**240 296 659**

The purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households.
The unspent balance as at 30 June 2024 relates to the operating portion that was not fully spent during the financial year.
The unspent amount as at 30 June 2023 was returned to National Treasury during November 2023.

	2024	2023
Regional bulk infrastructure (RBIG)		
Balance unspent at beginning of year	2 620 931	(1)
Current year receipts	69 566 164	36 180 757
Conditions met - transferred to revenue	(72 187 096)	(33 559 825)
Conditions still to be met - remain liabilities (see note 18)	**0**	**2 620 931**

The grant is intended to develop new, refurbish, upgrade, and replace ageing water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality.
It also exists to implement bulk infrastructure with a potential of addressing Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Demand Management projects that will directly impact on bulk infrastructure requirements. It is an allocation in kind which means that funds are not deposited in advance, but rather upon submission of claims by ADM to the funder.

	2024	2023
Expanded public works programme (EPWP)		
Balance unspent at beginning of year	-	-
Current year receipts	3 905 000	4 999 000
Conditions met - transferred to revenue	(3 905 000)	(4 999 000)
Conditions still to be met - remain liabilities (see note 18)	-	-

The seeks to incentivise provincial departments to expand work creation efforts through the use of labour-intensive delivery methods in identified focus areas in compliance with the programme's guidelines.
During the year, the municipality received its draw downs as per the National Treasury indicatives.

	2024	2023
Financial Management (FMG)		
Balance unspent at beginning of year	-	-
Current year receipts	1 250 000	1 200 000
Condition met - transferred to revenue	(1 250 000)	(1 200 000)
Conditions still to be met - remain liabilities (see note 18)	-	-

The purpose of the FMG grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.
During the year, the municipality received its draw downs as per the National Treasury indicatives.

	2024	2023
Rural Roads Asset Management Grant (RRAMS)		
Balance unspent at beginning of year	-	1 078 977
Current year receipts	3 545 000	3 144 000
Conditions met - transferred to revenue	(3 544 994)	(3 144 000)
Unspent amount returned to funder	-	(1 078 977)
Conditions still to be met - remain liabilities (see note 18)	**6**	-

The purpose of RRAMS is to assist the district municipalities to set up a Rural Asset Management System and collect data on roads, bridges, and traffic on municipal road networks in line with the South African Road Infrastructure Strategic Framework.
During the year, the municipality received its draw downs as per the National Treasury indicatives.

	2024	2023
Water Services Infrastructure Grant (WSIG)		
Balance unspent at beginning of year	449 612	50 471 669
Current year receipts	67 400 000	38 000 000
Conditions met - transferred to revenue	(67 292 548)	(37 550 388)
Unspent amount returned to funder	(449 612)	(50 471 669)
Conditions still to be met - remain liabilities (see note 18)	**107 452**	**449 612**

The purpose of WSIG according to DoRA is to facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities; provide interim, intermediate 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 existing bucket eradication programme intervention in formal residential areas; support drought relief projects in affected municipalities.
The unspent amount as at 30 June 2023 was returned to National Treasury during November 2023.

	2024	2023
Neighbourhood Development Partnership Grant (NDPG)		
Balance unspent at beginning of year	1 890 287	1 890 287
Current year receipts	-	
Conditions met - transferred to revenue	-	
Conditions still to be met - remain liabilities (see note 18)	**1 890 287**	**1 890 287**

	2024 R	Restated 2023 R
Municipal Disaster Grant: Water	566 593	566 593
Balance unspent at beginning of year	-	-
Current year receipts	-	
Conditions met - transferred to revenue	**566 593**	**566 593**

Conditions still to be met - remain liabilities (see note 18)

L G Seta	194 711	1
Balance unspent at beginning of year	1 573 275	1 905 065
Current year receipts	(1 147 671)	(1 710 355)
Conditions met - transferred to revenue	**620 315**	**194 711**

Conditions still to be met - remain liabilities (see note 18)

LGSETA Grant provides an environment to facilitate the training and up skilling of various employees and people involved in local government structures, as well as unemployed South Africans.

CETA	-	-
Balance unspent at beginning of year	0	-
Current year receipts	(559 164)	-
Conditions met - transferred to revenue	**(559 164)**	-

Municipal Disaster Grant: COVID	-	-
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue		-
Unspent amount returned to funder	-	-

Conditions still to be met - remain liabilities (see note 18)

Refer to **Annexure 1** and **Note 18** for details

30. Employee related costs	433 931 152	411 631 890
Employee related costs - Salaries and Wages	35 602 800	34 006 621
Bonus	48 799 233	45 895 614
Medical aid - company contributions	2 913 252	2 984 917
UIF	3 34[illegible]164	2 991 088
WCA	4 702 520	(50 550 268)
Leave pay provision charge	73 787 473	70 973 170
Contribution: Pension fund	3 714 840	3 559 440
Contribution: Group life	184 446	180 253
Bargaining council	(383 190)	2 643 970
Employee benefit contribution	20 304 980	23 325 367
Travel, motor car, accommodation, subsistence and other allowances	44 634 933	35 393 320
Overtime payments	26 290 139	26 939 144
Car allowance	2 480 050	2 476 574
Housing benefits and allowances	8 851 145	8 874 139
Allowance: cell phone	3 907 970	3 682 444
Allowance: shift	16 853 210	15 896 400
Allowance: Standby, Night and Sunday	6 234 370	5 903 441
Skills development levy	**736 157 490**	**646 807 524**

The comparative figure for employee related costs has been restated. Refer to **Note 44.**

Amounts expensed in respect of retirement benefit plans	82 818 844	70 973 170
Defined contribution funds	-	-
Defined benefits funds	**82 818 844**	**70 973 170**

Remuneration of Municipal Manager: Dr BJ Mthembu	1 306 804	276 351
Remuneration	197 302	43 221
Contribution to UIF, Bargaining Council and Pension Funds	242 199	38 300
Housing allowance	355 601	56 286
Travel allowance	**2 101 906**	**414 158**

Dr Mthembu was appointed as Municipal Manager during April 2023.

Remuneration of Municipal Manager: Dr T.T Mnyimba	-	(165 617)
Remuneration	-	(187)
Contribution to UIF and Bargaining Council	-	64 167
Leave pay	-	**(101 637)**

The contract of the Municipal Manager expired end of May 2022

Remuneration of Chief Financial Officer: Mr M.L Mosela	299 889	813 470
Remuneration	-	11 247
Acting allowance		171 631
Contribution to UIF, Bargaining Council and Pension Funds		126 000
Travel allowance		262 013
Housing allowance	-	285 424
Leave pay	**299 889**	**1 669 785**

The position of the Chief Financial Officer was vacated on 31 March 2023.

Remuneration of Chief Financial Officer: Mr N. Zongethwa	712 988	-
Remuneration	-	-
Acting allowance	126 401	-
Contribution to UIF, Bargaining Council and Pension Funds	210 000	-
Travel allowance	-	-
Housing allowance	-	-
Leave pay	**1 049 390**	-

The Chief Financial Officer was appointed with effect 20 November 2023.

Remuneration of the Director Engineering: Mr N.M Dungu	989 323	1 079 261
Remuneration	2 074	2 255
Contribution to UIF and Bargaining Council	275 000	300 000
Travel allowance	-	3 749
Acting allowance	383 120	417 950
Housing allowance	**1 649 516**	**1 803 214**

The contract of the Director Engineering expire with effect 30 April 2024.

Remuneration of the Director Strategic Management: Ms A.Tinta	-	519 070
Remuneration	-	751
Contribution to UIF and Bargaining Council	-	80 000
Travel allowance	-	401 699
Leave pay	-	**1 001 521**

The contract of the Director Strategic Management expired 31 October 2022.

Remuneration of the Director Strategic Management: Mr N.L. Sovasi	933 317	-
Remuneration	151 049	-
Contribution to UIF, Medical and Pension Funds	180 000	-
Travel allowance	690	-
Acting allowance	762	-
Housing allowance	68 972	-
Leave pay	**1 334 790**	-

Director Strategic Management was appointed during 11 September 2023.

Remuneration of the Director Corporate services: Mr K Mrali	913 264	1 393 430
Remuneration	127 063	203 436
Contribution to UIF, Medical and Pension Funds	**1 040 326**	**1 596 866**

The Director of Corporate Services was appointed during September 2021 to 31 January 2024. Council took a decision to advertise the position following the outcome of disciplinary enquiry and allow Mr Mrali to resume his duties as Senior Manager Satellite Operation Services effective 01 February 2024 to 12 October 2026.

Remuneration of the Director Community Services: Ms N.C. Zondani	963 266	-
Remuneration	-	-
Acting Allowance	-	-
Performance bonuses	172 940	-
Contribution to UIF and Pension Funds	-	-
Leave encashment	-	-
Cell phone allowance	220 000	-
Travel allowance	-	-
Group Life	-	-
Housing allowance	**1 356 206**	-

The Director of Community Services was appointed during 1 August 2023

Remuneration of the Director Spatial Planning and Development: Mr S.S Mnweba	-	355 347
Remuneration	-	76 324
Contribution to UIF and Pension Funds	-	60 000
Car allowance	-	297 812
Leave pay	-	108 860
Housing allowance		

	2024 R	Restated 2023 R
	-	**898 342**

The contract of the Director Spatial Planning and Development expired 31 October 2022.

Remuneration of the Director Spatial Planning and Development: Ms Z.C Xabadiya

	2024 R	Restated 2023 R
Remuneration	899 248	-
Contribution to UIF and Pension Funds	152 777	-
Travel allowance	145 714	-
Leave pay	-	-
Housing allowance	-	-
	1 197 739	-

The Director of Spatial Planning and Development was appointed during 11 September 2023

31. Remuneration of councillors

	2024 R	Restated 2023 R
Councillors 2024: (47) 2023: (47)	15 791 477	12 918 344
Councillors allowance	1 788 235	1 448 891
	17 579 711	**14 367 235**

In - kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full- time. Each is provided with an office and secretarial support at the cost of the Council.
The Executive Mayor has the use of council owned vehicle for official duties, and has two full-time driver/bodyguards.
The salary allowances and benefits of the political office - bearers are within the upper limits of the framework prescribed by Sec 219 of Constitution.

Executive Mayor: A.Ntsangani

	2024 R	Restated 2023 R
Salary	1 103 316	699 308
Cell phone Allowances	17 896	36 426
3G Allowance	30 400	2 687
	1 151 612	**738 421**

Executive Mayor Ntsangani was sworn in during August 2022

Speaker: O. Mgunculu

	2024 R	Restated 2023 R
Salary	589 692	480 134
Cell phone Allowances	15 200	18 109
3G Allowance	11 108	2 896
	616 000	**501 139**

Councillor Mgunculu was sworn in as Speaker during August 2022

Executive Mayor: N. Ndlkinda

	2024 R	Restated 2023 R
Salary	-	115 336
Cell phone Allowances	-	3 504
3G Allowance	-	300
Contribution to UIF, Medical and Pension Funds	-	-
	-	**119 140**

The Executive Mayor, Councillor Ndikinda was sworn in during December 2021 and resigned as Executive Mayor during August 2022

Speaker: N.V. Mgidlana

	2024 R	Restated 2023 R
Salary	-	92 269
Cell phone Allowances	-	3 504
3G Allowance	-	300
	-	**96 073**

The Speaker, Councillor Mgidlana was sworn in during December 2021 and resigned as Speaker during August 2022

Cllr. N. Rulashe

	2024 R	Restated 2023 R
Salary	829 231	770 146
Cell phone Allowances	30 400	40 904
Travel Allowance		-
3G Allowance	17 908	3 196
	877 539	**814 246**

Cllr. N. Nyatela

	2024 R	Restated 2023 R
Salary	-	366 797
Cell phone Allowances	-	29 861
3G Allowance	-	2 492
	-	**399 150**

Councillor Nyatela resigned as a Councillor in March 2023

Cllr. N.O. Mfecane

	2024 R	Restated 2023 R
Salary	-	86 502
Cell phone Allowances	-	3 504
3G Allowance	-	300
Reimbursive Travel	-	-
	-	**90 306**

Councillor Mfecane was sworn in as Chief Whip during December 2021 and resigned during August 2022

Cllr. K.C. Maneli

	2024 R	Restated 2023 R
Salary	829 231	770 146
Cell phone Allowances	44 000	40 800
3G Allowance	4 308	3 300
Reimbursive travel	1 986	-
	879 525	**814 246**

Councillor Maneli resigned as Executive Mayor during December 2021

Cllr. X. Mngxaso

	2024 R	Restated 2023 R
Salary	829 231	770 146
Cell phone Allowances	44 000	40 800
3G Allowance	4 308	3 300
Reimbursive travel	7 136	
	884 675	**814 246**

Councillor Mngxaso was sworn in during December 2021

Cllr. B. Ketelo

	2024 R	Restated 2023 R
Salary	829 231	770 146
Cell phone Allowances	44 000	40 800
3G Allowance	4 308	3 300
Travel reimbursive	14 947	-
	892 486	**814 246**

Councillor Ketelo was sworn in during December 2021

Cllr. A.B. Madikane

	2024 R	Restated 2023 R
Salary	829 231	770 146
Cell phone Allowances	44 000	40 800
3G Allowance	4 308	3 300
Travel reimbursive	29 636	
	907 174	**814 246**

Councillor Madikane was sworn in during December 2021

Cllr. F. Phumaphi

	2024 R	Restated 2023 R
Salary	741 779	770 146
Cell phone Allowances	44 000	40 800
3G Allowance	4 308	3 300
Travel reimbursive	104 054	-
	894 141	**814 246**

Councillor Phumaphi was sworn in during December 2021

Cllr. N. Geza

	2024 R	Restated 2023 R
Salary	829 231	513 431
Cell phone Allowances	44 000	41 000
3G Allowance	4 308	3100
	88 502.47	
	966 041	**557 531**

Councillor Geza was sworn in during November 2022

	2024 R	Restated 2023 R
Cllr. C. Genyane		
Salary	829 231	-
Cell phone Allowances	44 000	-
3G Allowance	4 257	-
Travel reimbursive	40 755	-
	918 242	-

Councillor Genyane was sworn in during December 2021

Cllr. N. Sotshononda		
Salary	804 907	-
Cell phone Allowances	44 000	-
3G Allowance	4 [illegible]	-
Travel reimbursive	26 385	-
	879 601	-

Councillor Sotshononda was sworn in during December 2021

32. Depreciation, amortisation and impairment

Depreciation and amortisation		
Property, plant and equipment	102 395 612	102 875 441
Intangible assets	313 688	313 689
Investment property	106 450	138 946
	56 810 785	102 054
Impairment		
Property, plant and equipment	56 810 785	102 054
Intangible assets	-	-
	159 626 535	**103 430 131**

The comparative figure for depreciation has been restated. Refer **Note 44.**

33. Finance costs

Total finance costs	51 082 291	43 745 748
Workmen's Compensation	204 481	287 144
Employee benefit obligation	22 267 000	21 891 160
Rehabilitation provision of solid waste side	633 335	600 318
Interest overdue accounts	27 977 475	20 966 539
Interest paid:CBO's	1	587
	51 082 291	**43 745 748**

The comparative figure for finance costs has been restated, refer **Note 44.**

34. Debt Impairment

Contributions to debt impairment provision - other	46 649 143	42 989 235
Contributions to debt impairment provision - sewer	138 950 420	133 429 531
Contributions to debt impairment provision - water	264 574 432	256 435 608
	450 174 007	**432 854 375**

The comparative figure for Debt impairment has been restated. Refer **Note 44.**

35. Contracted services

Contractual amounts		
Office equipment	650 070	887 286
Accommodation Office Space and parking	18 148 835	34 662 [illegible]
Cleaning & hygiene	329 918	266 045
Sewerage	488 223	55 749
Security & Bodyguards	90 447 759	40 682 794
Qualification verification	94 677	59 445
Transport	657 580	1 110 500
Special programmes	922 558	-
	111 739 619	**77 724 328**

The comparative figure for Contracted services has been restated. Refer **Note 44.**

36. Inventory consumed

VIP toilet structures	9 470 979	35 597 262
Consumables	3 333 568	264 844
Water	151 807 078	105 470 986
	164 611 626	**141 333 093**

The comparative figure for inventory consumed has been restated. Refer **Note 44.**

The amount includes the value of completed structures that have been constructed and transferred to the beneficiaries.

37. Operational costs

Administration	590 216	669 028
Advertising	1 984 223	1 501 654
Audit committee meetings	1 081 217	1 009 626
Audit fees	8 981 459	7 607 889
Bank charges	1 654 609	1 549 973
Chemicals	25 461 159	22 113 416
Commission paid	11 759 672	4 539 854
Community Based Organisation	2 317 264	2 517 441
Cleaning	92 239	-
Conference expenses	1 451 843	1 182 013
Consultants	16 677 369	14 905 360
Deeds Information	37 444	-
Disciplinary Committee	110 000	48 000
Food and Beverages	567 922	194 496
Foreign exchange translation loss	559 186	522 243
Hiring costs	64 995 445	22 070 424
Insurance Premium Cost	9 307 809	5 825 555
Inventory losses	358	358
Legal fees and Litigation	21 533 450	12 397 747
Licenses and subscription	948 362	1 109 353
Membership fees	8 710 702	8 056 950
Municipal Utilities	41 826 309	31 763 438
Postage	444 291	332 518
Printing and stationery	625 992	537 160
Protective clothing & uniforms	4 546 165	34[illegible] 689
Refreshments and catering	1 676 545	932 076
Sampling and Testing	1 297 980	904 590
Software and Computer	19 913 050	15 031 834
Storage	3 168	11 566
Subsistence and Travel	3 520 363	2 876 755
Telephone and data expenses	2 047 844	3 336 858
Traffic fines	4 570	4 539
Transport	27 293 379	20 451 760
Water research levy	1 338 932	842 877
	283 360 535	**185 194 038**

The comparative figure for operational costs has been restated. Refer to **Note 44.**

38. Auditors' remuneration

Fees paid	8 981 459	7 607 889

39. Net cash flows from operating activities

Surplus	404 821 869	108 971 150
Adjustments for:		
Depreciation, amortisation and impairment	159 626 535	103 430 131
Gain/(loss) on sale of asset and liabilities	(20 684 940)	(155 286)
Contribution to debt impairment	512 580 899	432 854 375
Actuarial gain and loss defined benefit	(2 035 000)	(28 765 980)
Increase in VAT accrual debit	15 931 994	-
Increase in VAT accrual credit	(63 701 298)	-
Finance costs	51 082 291	43 745 748
Movement in provisions	719 027	(55 305 235)
Movement in the non-current provision	633 335	600 318
Movement in the employee benefit obligation	19 543 676	(6 521 850)
Movement in the current portion of the employee benefit obligation	(204 677)	2 291 000
Operating lease liability movement	(54 276)	(973 087)
Changes in working capital:		
Decrease/(increase) in inventories	(93 631 256)	(16 989 962)
(Increase)/decrease in receivables from exchange transactions	(589 584 203)	(487 530 535)
(Increase)/decrease in receivables from non- exchange transactions	(8 053 834)	1 494 974
Increase in consumer deposits	228 982	185 912
Increase/(decrease) in payables from exchange transactions	257 278 227	70 614 606
Increase/(decrease) in VAT receivable	(5 281 452)	38 244 101
(Decrease)/increase in taxes and transfers payable (non exchange)	10 650 173	(8 910 768)
Increase/(decrease) in trade and other payables from non-exchange transactions	(239 802 602)	151 580 375
(Increase)/decrease in non current receivables	(703 765)	(815 000)
	409 259 706	**348 044 985**

The cash flow figures have been restated due to the prior period errors. Refer **Note 44.**

40. Financial instruments disclosure

Categories of financial instruments

2024

	2024 R	Restated 2023 R
Financial assets	**At amortised cost**	**Total**
Non - current receivables	3 122 525	3 122 525
Trade and other receivables from exchange transactions	362 692 985	362 692 985
Other receivables from non-exchange transactions	15 010 727	15 010 727
Cash and cash equivalents	219 917 515	219 917 515
Current investment	8 060 606	8 060 606
	608 804 359	**608 804 359**

Financial liabilities	**At amortised cost**	**Total**
Trade and other payables from exchange transactions	669 227 764	669 227 764
Other payables from non-exchange transactions	11 193 303	11 193 303
	680 421 068	**680 421 068**

2023

Financial assets	**At amortised cost**	**Total**
Non - current receivables	2 418 760	2 418 760
Trade and other receivables from exchange transactions	236 584 591	236 584 591
Other receivables from non-exchange transactions	7 013 876	7 013 876
Cash and cash equivalents	386 259 826	386 259 826
Current investment	7 434 597	7 434 597
	639 711 649	**639 711 649**

Financial liabilities	**At amortised cost**	**Total**
Trade and other payables from exchange transactions	582 709 994	582 709 994
Other payables from non-exchange transactions	9 300 194	9 300 194
	592 010 188	**592 010 188**

41. Commitments

Authorised capital expenditure

	2024	2023
Already contracted for but not provided for		
• Infrastructure	1 546 233 207	1 685 501 321
• Community	13 439 697	16 823 237
• Other - Land and Buildings	-	-
	1 559 672 904	**1 702 324 558**
This expenditure will be financed from		
• Government Grants	1 559 672 904	1 701 821 420
• Own Resources	-	503 138
	1 559 672 904	**1 702 324 558**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	5 807 481	8 331 292
- in second to fifth year inclusive	-	5 807 481
Total exclusive of VAT	**5 807 481**	**14 138 773**
Total inclusive of VAT	**6 678 603**	**16 259 589**

Operating lease payments represent rentals payable by the entity for occupation of leased buildings as well as photocopiers.
19 Photocopy machines are on a month to month basis.
Rentals are negotiated for an average of 2 years and rentals escalate on average at 7% per annum.
17 Building Lease contracts are renewed on a month to month basis.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	27 164	154 313
- in second to fifth year inclusive	-	27 164
- later than five years	-	-
	27 164	**181 477**

Operating Leases consists of the following:
Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga and Cathcart.
No contingent rent is payable.

Leases are negotiated for an average of 10 years and rentals escalate by an average of 8% annually.

42. Contingencies

Contingent liabilities

Legal claims

The following claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful is disclosed.
The timing of the legal proceedings regulating the claims is uncertain.

Legal disputes relate to:

Compensation for goods delivered by suppliers

The municipality is disputing claims by suppliers for goods delivered	1 028 394	1 028 394
The municipality has been sued in respect of a vehicle that was taken to the complainant to be repaired by Nkonkobe Local Municipality (now part of Raymond Mhlaba municipality) years ago and was never collected. There is uncertainty as to who actually owns the vehicle in question. The municipality is being sued for storage fees. Default judgement was granted against ADM and a Warrant of Execution was issued. ADM is not willing to pay for a vehicle it does not own.	19 094	19 094

Compensation for work performed by a contractor

The claim is in respect of services rendered in the amount of R 1 323 586. The entity performed poorly but were nonetheless paid proportionately in terms of the agreement. Exceptions have been raised. The matter is not progressing.	1 323 586	1 323 586

Supply of toilets pursuant to a cession agreement

Supply of toilets pursuant to a cession agreement with service provider. Discovery affidavits have been filed. Matter still pending in High Court. The plaintiffs claim has been dismissed with costs with, Plaintiff has approached appeals court. Plaintiffs appeal is based on the interpretation of the undue enrichment.	34 921 848	34 921 848

Supply of VIP toilets structures

Supply of toilets pursuant to a cession agreement with service provider. Discovery affidavits have been filed. Matter still pending in High Court. The plaintiffs claim has been dismissed with costs with, Plaintiff has approached appeals court. Plaintiffs appeal is based on the interpretation of the undue enrichment.	~~39 000 000~~	~~39 000 000~~

Supply of water

The Minister of Water and Sanitation has sued ADM for outstanding water use charges and water research levies. The claims date back to when ADM assumed the responsibilities of water service provider. ADM has brought an exception to the claim, the matter is still pending.	46 571 286	46 571 286

Compensation for services rendered

There was a dispute on payment of system support hence the service provider anticipated to raise this in court. The matter has not been pursued, and has no prospects of success.	-	35 522 212

Notes to the Annual Financial Statements

	2024 R	Restated 2023 R
Loss of Income Attorney Pretorius is claiming an amount of R700 000.00 in respect of loss of income from ADM arising out of the termination of contract as panel Attorneys. Judgement has been issued.	-	700 000
Death of child The Plaintiff is claiming an amount of R500 000.00 arising out of the death of her child who drowned in the ADM sewerage dam near Butterworth. Matter is ongoing.	500 000	500 000
Contractual dispute A claim for payment of money as a result of services rendered and no payment received. The case has been finalised.	-	3 000 000
Contractual dispute Payment of contract for services rendered and no payment received. ADM has made payment of the cost award on the 16th April 2024. The matter is finalised on the basis of settlement. Determination of the costs amount outstanding.	-	[illegible]
Claims for damages Claim for damages as a result of the alleged negligence by fire fighters that left the shop burning. Filed both the plea and relevant notices.	33 520 789	33 520 789
Delictual claim A claim arising out of delictual damages suffered by the Plaintiff. The employees of the ADM are alleged to have left a hole open and as a result the Plaintiff fell on same.	8 780 000	8 780 000
Delictual claim For delictual damages, Plaintiff's cow injured as a result of a pit toilet not constructed to finality. The Municipality is to consider the benefit versus the legal costs of pursuing.	5 000	5 000
Civil Matter Claim for damages arising from having Essential User car scheme been taken from employees.	30 000 000	30 000 000
Contract dispute Non-payment of a lease agreement by ADM. The matter has been closed.	-	190 659
Claim for compensation This matter is brought by the applicant in the land claims court in which is seeks payment of compensation awarded to the community by the Commission, which was initially administered by ADM on behalf of the community. The land claims court has made an order to give effect to a settlement between the two parties.	14 460 370	14 460 370
Civil Matter This matter relates to the enforcement of a service level agreement for consultancy services rendered to the municipality for payment was not made.	1 862 500	1 862 500
Civil Matter Claim for non-compliance of the salary increments by the Municipality with the SALGBC salary and wage agreement.	146 809 299	-
Breach of Contract The municipality paid for services that were not fully rendered. A plea has been filed.	16 613 652	-
Supply of VIP toilets structures Supply of toilets pursuant to a cession agreement with service provider.	5 571 000	[illegible]
Civil Matter Claim from alleged unfair labour practice by the municipality.	-	[illegible]
Civil Matter Dispute over the non-payment by the Municipality of leave to a former employee.	107 842	-
Civil Matter Dispute over the non-payment by the Municipality of salary to a former employee.	38 000	-
Claim for Recovery of unpaid benefits Claim by an employee for unpaid benefits. Matter awaiting a date at the Labour Court.	246 614	-
Total contingent liabilities	[illegible]	257 664 718

Contingent assets

The following contingent assets have been disclosed and not recognised as the outcome is dependent on a legal ruling.

	2024 R	Restated 2023 R
Non -performance on a contract The municipality has instituted legal action against a contractor and its surety. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The matter has since been put on the list of matters to be referred to a judge for the purposes of a Case Management Conference.	500 595	500 595
Fraudulent fuel purchase Claim for fraudulent fuel purchases. Application for Default Judgment has finally been granted by the clerk of court. Execution attempted but no assets located. Judgement debtor's new location still to be determined.	125 091	125 091
Cancellation of contract Court application being launched to cancel portion of contract relating to TLB. Service provider has undertaken to provide substitute machine.	1 400 000	1 400 000
Breach of contract The Municipality instituted legal action against a contractor for damages related to breach of contract as a result of the contractors abandonment of the project. Amended particulars of claim served. Prospects of success are minimal and intention to close the file.	1 198 370	1 198 370
Services not fully rendered The Municipality has lodged a claim for damages from a consultant as services paid were not fully rendered.	8 083 667	-
Total contingent assets	[illegible]	[illegible]

The contingent liabilities were restated, **refer Note 44.**

43. Related parties
Relationships
Controlled entities Refer to note 7

	2024	2023
Related party transactions		
All amounts are disclosed inclusive of VAT		
Shared internal audit services for ASPIRE	709 943	623 000
Seconded services		
Acting Chief Financial Officer	658 789	236 700
Acting Chief Executive Officer	1 498 329	606 351
Acting Chief Operations Officer	-	82 566
Communications Intern	-	58 171
Communication Officer	-	189 289
Fees paid to Audit Committee Members for ASPIRE	[illegible]	581 440
Administration fees paid to (received from) related parties		
Amathole Economic Development Agency SOC Limited t/a (ASPIRE)	11 500 000	11 500 000
Neighbourhood Development Programme Grant		
NDPG	-	-
Rental in kind for the provision of office facilities	759 879	982 669
Special Programmes		
Tourism events	450 000	-
Implementation of boreholes and water tanks	8 000 000	-

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

Key management information
Refer to Note 30 and 31

44. Prior period errors

44.1 Contingent liabilities and Assets
Four additional 2022/2023 cases were identified from the municipality's attorneys for an amount of R7 655 121. In addition two cases were reduced by R47 193 446 after legal proceedings.
The contingent liabilities were corrected in the current year and restated retrospectively.
Refer to Note 42

Contingent liabilities as previously reported	297 203 044
Restated contingent liabilities	[illegible]
	39 538 325

	2024	Restated 2023
	R	R

The municipality's attorneys confirmed cases to closed and therefore no longer recoverable. These cases were removed from the contingent assets.
An amount of R5 342 863 was corrected in the current year and restated retrospectively.
Refer to Note 42

	2024	Restated 2023
Contingent assets as previously reported		8 565 919
Restated contingent assets		(3 224 056)
		5 342 863

44.2 Inventory

Inventories have increased by an amount of R36 684 529 due to the reclassification from Investment property. The land included in the Fixed asset register of the Municipality no longer meets the definition to be classified as Investment Property as houses have been built on the land for communities and as such it is not held (by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both. The Land to the value of R36 684 529 is still recognised due to the delay in the transfer of the ownership to the beneficiaries of the houses and has now been reclassified as Inventory. The error was corrected in the current year and adjusted retrospectively. Refer Note 12.

VIP toilet inventory for 2022/2023 has decreased by R4 676 254 due to the correction on the costing of the VIP structures.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 12.**

44.3 Investment Property

During the physical verification of land included in the Fixed asset register of the Municipality, it was found that land was occupied by buildings (RDP houses and Informal Settlement) built for communities which resulted in the Land not meeting the definition for it to be classified as Investment Property as it is not held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. The Land to the value of R36 684 529 is still recognised due to the delay in the transfer of the ownership to the beneficiaries of the houses and has now been reclassified as Inventory. The error was corrected in the current year and adjusted retrospectively. Refer **Note 3.**

Investment Property has further increased by an amou

44.4 Property, plant and equipment

Property, plant and equipment - Completed Infrastructure Assets

The opening balances of the trial balance was brought in line with the fixed asset register.
Sanitation cost increased by R12 069 375, Water cost decreased by R36 134 733, Sanitation accumulated depreciation decreased by R3 691 218, solid waste accumulated depreciation increased by R197 899, a decrease in sanitation accumulated impairment of R849 178, a decrease in water accumulated impairment of R7 459 299 and an increase in accumulated surplus of R270 520 285.

A correction was done on work-in-progress that was understated by R12 741 697 and accumulated surplus decrease of R12 74 1697.

Additions included in repairs and maintenance were capitalised to the value of R2 832 526 which increased the water Infrastructure cost, a decrease in repairs and maintenance of R2 832 526.

Depreciation was amended with the changes applied in the fixed assets. Decrease in sanitation accumulated depreciation R3 244 685, increase in water accumulated depreciation of R194 867 484, decrease in solid waste accumulated depreciation of R395 797. Depreciation decreased by R92 578 594 and accumulated surplus decreased by R283 805 595.

Depreciation was amended with the changes applied in the fixed assets. Increase in sanitation accumulated depreciation R6 156 680, increase in water accumulated depreciation of R85 705 875, increase in solid waste accumulated depreciation of R197 899. Depreciation increased by R92 060 454.

Landfill rehabilitation provision was restated in line with report obtained from the expert. The landfill asset increased by R6 387 863, a decrease in the landfill asset accumulated depreciation of R1 293 472. Increase in the landfill asset depreciation of R243 470 and a increase in accumulated surplus to the value of R7 924 807.
These errors were corrected in the current year and adjusted retrospectively. Refer **Note 4.**

Property, plant and equipment - Work In Progress

Completed work-in-progress projects were capitalised to the value of R12 617 754, which increased the water infrastructure cost and decreased the work-in progress by R12 617 754.

Donated assets were accounted for as part of WIP, these were subsequently reclassified, these related to JOJO tank projects completed and handed over to the community. WIP decreased by R4 380 145.

Moveable assets were accounted for was part of WIP, these were subsequently reclassified. WIP therefore decreased by R3 951 000 and moveable assets increased by R3 951 000.

WIP was understated by R9 400 and repairs and maintenance overstated by R9 400.
These errors were corrected in the current year and adjusted retrospectively. Refer **Note 4.**

Property, plant and equipment : Cost - Other Assets

During the physical verification for 2023/2024 financial year, the municipality performed a complete review of the municipal asset register and general ledger for moveable assets.
Differences were identified between the asset register and General Ledger. This resulted in a number of misstatements being identified and corrected in the current year as follows:
The 2022/2023 cost of Transport was decreased by an amount of R395 230 which relates to costs that were incorrectly calculated.
The 2022/2023 cost of Computer Equipment was decreased by an amount of R2 682 708 which relates to the cost of computer equipment that was incorrectly calculated.
The 2022/2023 cost of Furniture and Office Equipment was increased by an amount of R3 070 661 which relates to the cost of furniture and office equipment that was incorrectly calculated.
The 2022/2023 cost of Machinery Equipment was increased by an amount of R3 493 053 which relates to the cost of machinery equipment that was incorrectly calculated.
The 2022/2023 error was corrected in the current financial year and was adjusted retrospectively. Refer **Note 4.**

Property, plant and equipment : Accumulated Depreciation - Other Assets

During the physical verification for the 2023/2024 current financial year the municipality performed a complete review of the municipal asset register and general ledger.
Differences between Asset Register and General Ledger were noted. This resulted in a number of misstatements being identified that corrected in the current year under review.
The 2023 cost of Transport decreased by an amount of R395 230 which was incorrectly calculated.
The 2023 cost of Computer Equipment was decreased by an amount of R2 682 708 which was incorrectly calculated.
The 2023 cost of Furniture and Office Equipment increased by an amount of R3 070 661 which was incorrectly calculated.
The 2023 cost of Machinery Equipment was increased by an amount of R3 493 053 which was incorrectly calculated.

The 2022/2023 accumulated depreciation of Machinery Equipment was decreased by an amount of R1 388 875 which relates to depreciation of machinery equipment that was incorrectly calculated.
These errors were as a result of errors in the depreciation calculation and useful life estimates.
The error was corrected in the current financial year and was adjusted retrospectively. Refer **Note 4.**

44.5 Intangible Assets

In the current year, an error in the amortisation calculation of 2021/2022 was identified. This error was corrected retrospectively, refer **Note 5.**

44.6 Trade and other receivables from exchange transactions

Consumer debtors for 2021/2022 were decreased by R54 974 345 and R18 436 710 for 2022/2023 by water service charges for which actual readings were obtained and estimates were reversed and rebilled. The error was corrected in the current year and adjusted retrospectively. Refer **Note 13.**
In 2022/2023 consumer debtors were further reduced by R10 788 990 for the correction of the billing estimates that were not calculated in line with the approved tariff policy. The error was corrected in the current year and adjusted retrospectively. Refer **Note 13.**
Consumer debtors for sanitation for 2021/2022 were decreased by R2 940 297 and R220 207 for 2022/2023 errors identified in the billing. The error was corrected
The interest was recalculated due to the billing errors in the estimation calculations for 2022/2023 and reduced by R1 426 552. The error was corrected in the current year and adjusted retrospectively. Refer **Note 13.**
The sundry receivables decreased by an amount of R103 862 in 2022/2023 due to a misclassification.

44.7 Receivables from non-exchange transactions

The receivables from non-exchange transactions has been restated as it was found that a clearing account for bank returned payments had not been cleared.
The correct reallocation of transactions from this clearing account has reduced 2021/2022 by R19 529 309 . The correction has been made retrospectively.
Refer Note 14.

44.8 Cash and cash equivalents

An amount of R641 654 accrued interest was incorrectly reversed against one of the call accounts. This error has been corrected retrospectively.
Refer Note 16.

44.9 Other payables from non-exchange transactions

Other payables from non-exchange decreased by R866 in 2022/2023 due to a misclassification.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 19.**

44.10 Trade and other payables from exchange transactions

Trade creditors increased by R11 410 492 in 2022/2023 as transactions were identified to have been recognised in the incorrect financial year.
Accruals decreased in 2022/2023 by R6 866 699 due to the correction in the classification.
Sundry creditors increased by R2 587 041 in 2022/2023 as a result of a misclassification.
The errors were corrected in the current year and adjusted retrospectively. Refer **Note 21.**

44.11 Trade and other payables from non-exchange transactions

An amount of R1 600 000 was returned to the Department of Human Settlement in 2021/22 financial year from the restitution award monies held by the municipality. This amount had not been reflected to reduce the unspent conditional grants. The error was identified in the current year and adjusted retrospectively. Refer **Note 18.**

44.12 Provisions

The leave provision for the 2022/2023 financial year was recalculated due to errors in the number of leave days and the costing of the leave and increased by R10 210 251.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 19.**
The workman's compensation provision was increased by R349 543 in 2022/2023 as the provision was not amended in the prior year.

	2024	Restated 2023
	R	R

[redacted]

VAT Accrual (Deferred output VAT) has decreased by R200 159 708 and detailed as follows:
The VAT payable from 2021/2022 has decreased by R189 991 381, this was due to deferred output VAT that was not reversed after the bad debt provision write off in the 2021/2022 financial year.
VAT Accrual (Deferred output VAT) for 2021/2022 was further decreased by R7 573 014 and R3 842 425 after the correction of the service charges in 2022/2023.
The VAT Accrual (deferred output VAT) increased by R1 247 112 after the correction of a duplicated clearing journal that was processed twice to output VAT.

These were corrected in the current year and adjusted retrospectively. **Refer Note 55 and 60.**

The VAT control account decreased by R6 288 266 after the correction of a duplicated clearing journal that was processed twice to the VAT control account.
VAT Accrual (Deferred input VAT) has increased by R6 609 494 and detailed as follows:
The input VAT decreased by R925 885 in 2022/2023 as certain transactions were not recorded in the correct financial year and the input VAT on certain transactions was incorrectly recognised.
The deferred input VAT increase by R7 535 929 after the correction of a duplicated clearing journal that was processed twice to input VAT.

These were corrected in the current year and adjusted retrospectively. Refer Note **17 and 55**

The presentation of the VAT was corrected as required by GRAP 108, which now separately presents the VAT receivable, VAT accrual debit and VAT accrual credit. The presentation was corrected retrospectively.
This was corrected in the current year and adjusted retrospectively. Refer **Note 17, 55 and 60.**

44.14 Non-current provision
The provision for the rehabilitation of the landfill site in 2022/2023 was reduced to be in line with the report, valuing the landfill site rehabilitation as requirements in GRAP 19, by an expert. The error was corrected in the current year and adjusted retrospectively. **Refer Note 11.**

44.15 Service charges
In the 2022/23 financial year service charges decreased after the recalculation of the billing estimates in line with the approved tariff policy.
In addition service charges were further reduced in 2022/23 for changes in the billing once an actual reading has been obtained.

Service charges were reduced by R50 486 763 for the 2021/22 financial year due to adjustments in the billing after actual readings were obtained.
The errors were corrected in the current year and adjusted retrospectively. Refer **Note 25.**

44.16 Interest received - Investments
The interest received investments increased by an amount of R841 654 due to accrued interest being incorrectly recorded. The error has been corrected retrospectively.
Refer **Note 28.**

44.17 Interest earned outstanding receivables
Interest on outstanding debtors balances was recalculated after the change in the billing estimates, which resulted in a reduction of R1 426 001.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 25.**

44.18 Employee related costs
The employee related costs was restated due to the leave provision being incorrectly calculated using the incorrect costing and incorrect leave day quantities.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 30.**

The overtime was reduced by R3 323 552 as the accrual for the overtime in 2022/2023 was not reversed. This error was corrected in the current year and adjusted retrospectively.
Refer **Note 30.**

44.19 Depreciation, amortisation and impairment
Other assets
During the physical verification reconciliation for the 2023/2024 financial year, it was discovered that the depreciation for other assets was incorrectly calculated in the asset register.
The 2022/2023 depreciation of Transport was decreased by an amount of R2 146 723 which relates to accumulated depreciation of transport that was incorrectly calculated.
The 2022/2023 depreciation of Computer Equipment was decreased by an amount of R318 630 which relates to depreciation of computer equipment that was incorrectly calculated.
The 2022/2023 depreciation of Furniture and Office Equipment was decreased by an amount of R204 973 which relates to accumulated depreciation of furniture and office equipment that was incorrectly calculated.
The depreciation of Machinery Equipment was decreased by an amount of R168 705 which relates to accumulated depreciation of machinery equipment that was incorrectly calculated.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 32.**

During the physical verification reconciliation for the 2023/2024 financial year, it was discovered that the impairment was calculated incorrectly.
The impairment of Transport was decreased by an amount of R21 157 960 which relates to accumulated impairment of transport that was incorrectly calculated.
The impairment of Computer Equipment was decreased by an amount of R1 209 624 which relates to accumulated impairment of computer equipment that was incorrectly calculated.
The impairment of Furniture and Office Equipment was decreased by an amount of R406 986 which relates to accumulated impairment of furniture and office equipment that was incorrectly calculated.
The impairment of Machinery Equipment was also decreased by an amount of R273 507 which relates to accumulated impairment of machinery equipment that was incorrectly calculated.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 32.**

Errors were noted in the calculations of depreciation and impairment of infrastructure assets. After recalculation, depreciation and impairment reduced by R25 428 832.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 32.**

44.20 Finance costs
The finance costs in 2022/2023 were reduced by R2 528 260 after the alignment of the provision of the landfill site rehabilitation with the valuation obtained from an expert.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 33.**
The finance costs in 2022/2023 were further reduced by R162 279 as transactions relating to the prior year were recorded in the correct financial year.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 33.**

44.21 Debt Impairment
The basis for the impairment calculation was recalculated which resulted in an increase of R32 625 050 in 2022/23
The error was corrected in the current year and adjusted retrospectively. Refer **Note 34.**

44.22 Repairs and maintenance
[redacted]ount of R2 832 526 in 2022/2023 as expenditure was incorrectly expensed as repairs and maintenance.
In addition the repairs and maintenance decreased by R58 487 in 2022/2023 as certain invoices were recognised in the incorrect financial year.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 54.**

44.23 Contracted services
The contracted services was reduced by R3 296 653 for 2022/2023 after it was identified that certain transactions were recorded in the incorrect financial period and VAT on certain of the transactions relating to the rental of premises was incorrectly treated.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 35.**

44.24 Inventory consumed
The inventory consumed for 2022/2023 increased by an amount of R9 716 721 due to VIP toilet inventory that was incorrectly calculated.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 36.**

44.25 Operational costs
Operational Costs decreased in 2022/2023 by R20 011 526 after it was identified that certain transactions were recorded in the incorrect financial year.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 37.**

44.26 Gain/loss on the disposal of assets
During the reconciliation between Excel Fixed Asset Register and Asset Management System (DMS System) for 2023/2024 current year it was discovered that the gain/loss was incorrectly calculated on certain of the movable assets that were disposed.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 52.**

44.27 Unauthorised expenditure
[redacted]ount of R71 618 020. This was as a result of prior period error adjustments on expenditure line items such as debt impairment, interest on overdue accounts, employee costs and legal fees.
The error was corrected in the current year and adjusted retrospectively. Refer **Note 46.**

	2024	Restated 2023
Unauthorised expenditure as previously reported		91 662 051
Restated unauthorised expenditure		(63 280 071)
Restated amount		71 618 020

The effect of the prior period errors are summarised in the table below:

	Balance as previously reported	Correction of error	Restated balance
Statement of Financial Performance			
Service charges	(516 068 422)	25 616 168	(490 452 254)
Interest received - Investment	(23 992 186)	(841 654)	(24 833 840)
Interest earned outstanding receivables	(51 381 131)	1 426 001	(49 955 130)
Employee related costs	639 920 825	6 886 699	646 807 524
Depreciation, amortisation and impairment	154 746 071	(51 315 940)	103 430 131
Finance Costs	46 436 287	(2 690 539)	43 745 748
Debt impairment	400 229 325	32 625 050	432 854 375
Repairs and maintenance	30 008 699	(2 891 011)	27 117 688
Contracted Services	81 020 981	(3 296 653)	77 724 328
Inventory Consumed	131 616 372	9 716 721	141 333 093
Operational Costs	205 205 564	(20 011 526)	185 194 038
Gain/Loss on disposal of assets	(419 943)	575 229	155 286
Statement of Financial Position			
Inventory	10 264 233	32 008 275	42 272 508
Investment Property	142 263 345	(36 652 040)	105 611 305
Property, plant and equipment	4 538 894 266	444 885 314	4 983 779 580
Intangible Assets	313 734	(44)	313 690
Trade and other receivables from exchange transactions	325 471 074	(88 886 483)	236 584 591
Receivables from non-exchange transactions	26 543 185	(19 529 309)	7 013 876
Cash and cash equivalents	385 418 172	841 654	386 259 826

			2024 R	Restated 2023 R
VAT receivable		-	10 630 474	10 630 474
VAT Accrual - debit		-	124 739 599	124 739 599
Other payables from non-exchange transactions		(9 299 328)	(866)	(9 300 194)
Trade and other payables from exchange transactions		(575 579 160)	(7 130 834)	(582 709 994)
Trade and other payables from non-exchange transactions		(272 456 632)	1 600 002	(270 856 630)
Provisions		(87 581 382)	(10 559 795)	(98 141 177)
VAT payable		(195 598 270)	195 598 270	-
VAT Accrual - credit		-	(130 487 407)	(130 487 407)
Non- current provision		(14 043 443)	2 528 260	(11 515 183)

Accumulated Surplus

		(3 986 813 477)	(515 383 614)	(4 502 197 091)

The effect of the adjustments were as follows:

Statement of financial position

	2024 R	Restated 2023 R
Increase in inventory		32 008 275
Decrease in Investment Property		(36 652 040)
Increase in Property, Plant and Equipment		444 885 314
Decrease in intangible assets		(44)
Decrease in Trade and other receivables from exchange transactions		(88 886 483)
Decrease in Receivables from non-exchange transactions		(19 529 309)
Increase in Cash and cash equivalents		841 654
Increase in VAT receivable		10 630 474
Increase in VAT accrual - debit		124 739 599
Increase in Other payables from non-exchange transactions		(866)
Decrease in the Trade and other payables from exchange transactions		(7 130 834)
Decrease in Trade and other payables from non-exchange transactions		1 600 002
Increase in Provisions		(10 559 795)
Decrease VAT payable		195 598 270
Decrease in VAT accrual credit		(130 487 407)
Decrease in Non-current provisions		2 528 260
Total	-	**519 585 069**

Statement of financial performance

	2024 R	Restated 2023 R
Decrease in Service charges		25 616 168
Increase in interest received from investments		(841 654)
Interest earned outstanding receivables		1 426 001
Increase in Employee related costs		6 886 699
Decrease in Depreciation, amortisation and impairment		(51 315 940)
Decrease in Finance costs		(2 690 539)
Increase in Debt impairment		32 625 050
Decrease in repairs and maintenance		(2 891 011)
Decrease in contracted services		(3 296 653)
Decrease in Inventory consumed		9 716 721
Decrease in Operational costs		(20 011 526)
Increase in gain/loss from the disposal of assets		575 229
Total	-	**(4 201 455)**

Net (increase)/decrease in the accumulated surplus	-	**(515 383 614)**

The correction of prior period errors has resulted in restatements on cash flow and the effect is as per table depicted below.

The effect of the prior period errors are summarised in the table below:

Statement of Cash Flow	Amount as previously reported	Restated Amount
Cash flow from operating activities	356 133 037	336 582 981
Net cash flows from investing activities	(11 689 064)	(186 624 213)
Net increase/(decrease) in cash and cash equivalents	344 443 973	149 956 768

45. Risk management

Financial risk management

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

The Accounting Officer has the overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and reflect changes in the market conditions and the municipality's activities. Policies are approved by the Council. The Council has established a Risk Management Committee, which is responsible for developing and monitoring the municipality's risk management.

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared.

On average of 24% (2023: 22%) of receivable (own billed) income is realised within 30 days after the due date and payables are settled within 30 days of receipt of the invoice. National and Provincial grant funding is received in terms of the Division of Revenue Act (Dora).

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The impact of discounting is not significant.

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
30 June 2024					
Trade and other payables	582 056 057	-	87 171 708	-	669 227 764
Other	-	-	11 694 821	-	11 694 821
Gross finance leases	-	-	-	5 349 022	5 349 022
	582 056 057	-	**98 866 529**	**5 349 022**	**686 271 607**

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
30 June 2023					
Trade and other payables	515 590 768	-	67 119 226	-	582 709 994
Other	-	-	11 057 662	-	11 057 662
Gross finance leases		-	-	10 630 474	10 630 474
	515 590 768	-	**78 176 888**	**10 630 474**	**604 398 130**

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Financial assets that potentially subject the municipality to credit risk, consist primarily of cash deposits, cash equivalents, short term deposits, loans and receivables, investments and trade and other receivables.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Investments and borrowing

To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies approved by Council. The municipality determines concentrations of credit risk by reference to major counterparties. Counter-parties comprise larger South African banks with high quality credit ratings. Consequentially the municipality does not consider there to be any significant exposure to credit risk.

Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating and within specific guidelines set in accordance with Council's approved investment policy.

Consequently the municipality does not consider there to be any significant exposure to credit risk.

Receivables

Receivables are amounts owing by consumers and presented net of impairment losses. The municipality has a credit control and debt collection policy in place, and the exposure to credit risk is monitored on an ongoing basis. the municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The municipality's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households. In certain instances, a deposit is required for new service connections, serving as a guarantee. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime on any unpaid accounts after the due dates. The municipality has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in **Note 13**.
Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make provision for such relief.

Maximum exposure to credit risk
The carrying amount of financial asset, represent the municipality's exposure to credit risk in relation to these assets.
The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk ,the approach of measurement or the objectives, policies and processes for managing this risk.

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

	2024 R	Restated 2023 R
Financial Instrument		
Cash and cash equivalents	219 917 515	386 259 826
Receivables from exchange transactions	362 692 985	236 584 591
Receivables from non - exchange transactions	15 010 727	7 013 876
Non-current investments	3 122 525	2 418 760
Current investments	8 060 606	7 434 597
Guarantees		
Guarantees in lieu of projects	131 661 375	106 099 674

Market risk
Interest rate risk
The municipality's activities expose it primarily to the risks of fluctuations in interest rate.
Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.
At year end financial assets exposed to interest rate risk were as follows:
Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.
Investments at fixed interest rates.
Trade receivables in arrears are linked to the South African prime rate.
Loans granted are linked to a fixed rate of interest.
Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer to **Note 15 and 16.**

At year end, financial liabilities exposed to interest rate risk were as follows:
Finance leases linked to the South African prime rate.
Management manages interest rate risk by negotiating beneficial rates.

Interest rate sensitivity analysis

Financial Assets
At 30 June 2024, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R774 175 (2023: R373 945) with the opposite effect if the interest rate had been 50 basis points lower.

Financial liabilities
At 30 June 2024, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R0 (2023: R0) with the opposite effect if the interest rate had been 50 basis points lower.

Foreign exchange risk
The municipality was not a direct party to any outstanding forward exchange contract at the reporting date. The movement in the currency was not material to the municipality's procurement and, consequently, is not elaborated on any further.

46. Unauthorised expenditure

	2024 R	Restated 2023 R
Opening balance as previously reported	91 662 051	54 865 982
Restated opening balance	163 280 071	54 865 982
Current year unauthorised expenditure	186 915 315	108 414 089
Unauthorised expenditure prior year, recognised in the current year	1 733 395	
Unauthorised expenditure written off		
Closing balance	**351 928 781**	**163 280 071**

The comparative figure for unauthorised expenditure has been restated, refer **Note 44.**

Incident
The 2023/2024 budget for operating expenditure was exceeded by R188 648 710. This amount is comprised of the following:

Non-cash expenditure items:	
Depreciation	83 535 633
Interest on employee benefit obligations as per GRAP 25	22 249 847
Debt impairment provision	8 712 437
Interest on provision for landfill site as per GRAP 17	633 635
Loss of disposal of assets	22 768 549
	137 900 102
Cash expenditure items:	
Consultancy costs for software support	934 718
Outsourced services for security	5 116 458
Interest on over-due Accounts: mainly Amatola Water interest recognized but not paid	26 989 337
Water carting	7 224 588
Chemicals	2 341 172
Legal services	5 561 374
Insurance premiums	847 566
	49 015 213

The above amounts were only identified at year end upon the recognition of accruals and top ups to impairment accounts, hence these are still to be investigated by MPAC.

During 2023/2024 the incidents comprising the balance of R93 395 445 relating to 2020/21 to 2022/23 is with MPAC for investigation, the amount is to be tabled to Council for write off.

The budget was exceeded during the 2022/2023 financial year by R108 414 089.
This amount is comprised of the following:

Non-cash expenditure items:	
Interest on employee benefit obligations as per GRAP 25	4 554 662
Loss of disposal of assets	107 859
Debt impairment provision	70 494 598
	75 157 119
Cash expenditure items:	
Employee costs	6 346 021
Interest on over-due Accounts: mainly Amatola Water interest recognized but not paid	20 933 907
Legal services	2 393 375
21/22 Audit finding deemed all payments from MIG grant to pay for Provision for Asset and Inventory Management project as unauthorised.	3 583 668
	33 256 970

The budget has not been exceeded at vote level or overall during the 2021/2022 financial year.
An amount of R3 596 578.52 was identified during the audit of 2021/22 as unauthorised expenditure. Expenditure is due to the consultancy costs of Provision of Support for Assets and Inventory Management
Subsequently, an additional amount of R1 733 394.58 were identified as part of invoices paid in 2021/22 financial year for Provision of Asset and Inventory Management from MIG funds
Therefore revising the overall unauthorised identified for 2021/2022 financial to total R 5 329 973.10 instead of previously reported R 3 596 578.52.

An amount of unauthorised expenditure of R51 269 403,42 was identified at vote level for 2020/2021 after all the prior period adjustments had been recognised.
The 2020/2021 unauthorised expenditure identified is under investigation by MPAC.
The following votes were overspent:

Vote 52 - Consultancy Business and Financial Managen	2 954 651
Vote 55 - Impairment of debtors (Bad debts	48 314 753

An amount of R13 165 331 unauthorised expenditure has been incurred during the 2019/20 year at vote level on legal services, depreciation, rental and salaries.

During the 2017/18 financial year the budget was exceed at vote level by R5 002 851 on staff leave and financial system development.

The budget of the 2016/17 financial year was exceeded by an overall amount of R59 935 836. This was on the depreciation, bulk purchases and finance costs.
SAP did not go live on 1 July as planned, resulting in 3 months expenditure being on Venus and next 9 months being on SAP. Problems were experienced in the migration of the Venus data into the SAP system. Without the Venus expenditure on SAP, the budget controls on SAP were of no use as the expenditure was overstated.
This has lead to poor controls on budget vs actual and has resulted in unauthorized expenditure.

During the 2015/16 financial year, the operational budget was exceeded at vote level by R7 035 967.

47. Fruitless and wasteful expenditure

	2024 R	Restated 2023 R
Opening balance	83 093 569	61 394 143
Fruitless and wasteful expenditure current year	28 181 946	21 416 541
Fruitless and wasteful expenditure prior year, recognised in the current year	-	282 884
Written off during the year	(839 233)	
Closing balance	**110 436 281**	**83 093 569**

Incident

During the current financial year, fruitless and wasteful expenditure of R28 181 946 was incurred.
The amount is comprised of interest and penalties for late payment as follows:
Interest on the late payment of electricity and other utilities R2 406 132, rental R79 224, R19 862 for levies and sampling R1 857.
Penalties of R1 325 were incurred for the late payment of TV licences.
Penalties of R204 481 were recognised in the current year for the late submission of the 2023 WCA assessment.
Interest of R25 469 065 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has not been paid.

	2024 R	Restated 2023 R

An amount of R220 649 was written off by Council on 29 February 2024.

During the 2022/23 financial year, fruitless and wasteful expenditure of R21 416 541 was incurred.
The amount is comprised of interest and penalties for late payment as follows:
Interest on the late payment of electricity and other utilities R1 485 527, telephone R93 977, rental R11 010, sampling R187, vehicle licencing R26 013, travel account R48 574 and pension payment of R700.
Penalties of R1 325 were incurred for the late payment of TV licences.
Penalties of R287 144 were recognised in the current year for the late submission of the 2023 WCA assessment.
Interest of R19 462 081 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has not been paid.
Penalties of R282 884 were recognised in the current year for the late submission of the 2022 WCA assessment.
The incidents up till end of March 2023 for R618 555 have been investigated by MPAC and written of by Council on 31 October 2023.

During the 2021/22 financial year, fruitless and wasteful expenditure of R17 937 325 was incurred.
The amount is comprised of interest and penalties for late payment as follows:
Interest on the late payment of electricity R3 475 404, other utilities R173 876, rental R5 338, sampling R945, postal services R120, telephone R157 342, audit fees R77 837 and legal fees R1 912.
Penalties of R81 049 were incurred for the late payment of the retirement funds as a result of insufficient cash to make payment.
Penalties of R265 were incurred for the late payment of TV licences.
An amount of R3 433,47 penalty and R1 031,46 was incurred on the late payment of the PAYE, SDL and UIF top up after the reconciliation of the annual declarations.
Interest of R13 958 766 was recognised on the debt owed in respect of bulk water purchases to the water board. This interest has not been paid.
On 6 July 2022 Council resolved for the fruitless and wasteful expenditure that was identified for the period 1 July 2021 to 31 December 2021 be referred to MPAC for further investigation.

During 2021/22, interest on the debt owed to the water board of R43 456 815 was recognised. This interest has not been paid.
Of this amount, R13 958 766 relates to the prior year.

48. Irregular expenditure

	2024	2023
Opening balance as previously reported	252 974 577	47 645 838
Opening balance as restated	252 974 577	49 354 837
Add: Irregular Expenditure during the current year	578 986 806	157 826 675
Add: Irregular Expenditure incurred in prior year but identified in current year	60 302 434	63 518 554
Less: Amounts written off by Council -current (still to be written off)	(75 077 344)	(17 725 488)
Less: Amounts written off by Council - prior period		
Closing balance	**817 186 473**	**252 974 577**

Incidents
During 2023/2024 a further amount of R2 192 492,25 was paid to a service provider. This was deemed as irregular as the reason for appointing the second highest point scorer was not justifiable.
During 2023/2024 a further amount of R711 802,61 was paid to a service provider. The reason for deviation is not justifiable, MDB 4 and MBD 8 declarations were not obtained,
and the award was approved by an official that is not a senior manager as defined in the MFMA.
During 2023/2024 a further amount of R0 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2023/2024 an amount of R95 926,22 was paid to a service provider. This was deemed as irregular as the bidder should have been disqualified.
During 2023/2024 a total amount of R191 933 036,86 was paid to a service provider. This expenditure has been deemed as irregular as this appointment is linked to the Panel of Contractors (8/2/106/2018-2019C)
that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations
During 2023/2024 a total amount of R166 380 136,87 was paid to a service provider. This expenditure has been deemed as irregular as this appointment is linked to the Panel of Consultants (8/2/124/2018-2019C)
that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations
During 2023/2024 a further amount of R0 was paid to a service provider. This has been deemed irregular as the reason to deviate was not justifiable.
During 2023/2024 a further amount of R16 271 124,03 was paid to a service provider. This has been deemed irregular as the reason to deviate was not justifiable.
During 2023/2024 a further amount of R32 500 was paid to a service provider. This has been deemed irregular as the formal request for procurement process was not followed.
During 2023/2024 an amount of R5 825 608,57 was paid to a service provider. This has been deemed irregular as the reason to deviate was not substantiated.
During 2023/2024 a further amount of R0 was paid to a service provider. This was deemed as irregular as the foreign supplier is not listed on the NT CSD and did not provide MBD 4 and 8.
During 2023/2024 a total amount of R45 616 843,14 was paid to a service provider. This relates to the water carting panel where all the bidders were evaluated / eliminated in accordance with pre-determined requirements.
During 2023/2024 an amount of R0 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2023/2024 an amount of R0 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2023/2024 an amount of R3 263 713,95 was paid to a service provider. This relates to the Travel Services Contract that was deemed as irregular as the reason to deviate was not justifiable.
During 2023/2024 an amount of R91 751,40 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2023/2024 an amount of R0 was paid to a service provider. This was deemed as irregular as the variation was not done in accordance with the SCM Policy.
During 2023/2024 an amount of R1 793 885,90 was paid to a service provider. This was deemed as irregular as the variation was above the 20% threshold.
During 2023/2024 an amount of R9 418 425,67 was paid to a service provider. This was deemed as irregular as the variation was not done in accordance with the SCM Policy.
During 2023/2024 an amount of R193 148,25 was paid to a service provider. This was deemed as irregular as the formal price quotation system was not utilised.
During 2023/2024 a total amount of R2 195 717,21 was paid to various service providers. This was deemed as irregular as the 80/20 preference point system was not applied.
Deviations to the value of R129 502 035 have been included as irregular expenditure.
These matters amount to R449 484 771,03 incl. VAT. Of this amount R8 275 070,22 was investigated and written off by Council. The remaining R441 209 700,81 still needs to be investigated and considered by Council.

During 2022/2023 a further amount of R0 was paid to a service provider. This was deemed as irregular as the reason for appointing the second highest point scorer was not justifiable.
During 2022/2023 a further amount of R3 148 111,20 was paid to a service provider. The contract was awarded when SCM was not in attendance at the meeting.
During 2022/2023 a further amount of R1 576 666,69 was paid to a service provider. The reason for deviation is not justifiable, MDB 4 and MBD 8 declarations were not obtained,
and the award was approved by an official that is not a senior manager as defined in the MFMA.
During 2022/2023 a further amount of R601 356,16 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2022/2023 an amount of R1 490 000 was paid to a service provider. Due to the lack of legislative framework that necessitates the provision of personal security for councillors, this expenditure has been deemed as irregular.
During 2022/2023 an amount of R12 823,20 was paid to a service provider. This was deemed irregular as approval was granted after the date of the services being rendered.
During 2022/2023 an amount of R12 823,20 was paid to a service provider. This was deemed irregular as approval was granted after the date of the services being rendered.
During 2022/2023 an amount of R7 000 was paid to a service provider. This was deemed irregular as the revised SCM policy was not yet adopted due to the new PPPFA Regulations 2022 when this was procured.
During 2022/2023 an amount of R8 800 was paid to a service provider. This was deemed irregular as the revised SCM policy was not yet adopted due to the new PPPFA Regulations 2022 when this was procured.
During 2022/2023 an amount of R7 000 was paid to a service provider. This was deemed irregular as the revised SCM policy was not yet adopted due to the new PPPFA Regulations 2022 when this was procured.
During 2022/2023 an amount of R6 280 was paid to a service provider. This was deemed irregular as the revised SCM policy was not yet adopted due to the new PPPFA Regulations 2022 when this was procured.
During 2022/2023 an amount of R5 936 was paid to a service provider. This was deemed irregular as the revised SCM policy was not yet adopted due to the new PPPFA Regulations 2022 when this was procured.
During 2022/2023 an amount of R6 000 was paid to a service provider. This was deemed irregular as approval was granted after the date of the services being rendered.
During 2022/2023 an amount of R27 924,90 was paid to a service provider. This was deemed irregular as the revised SCM policy was not yet adopted due to the new PPPFA Regulations 2022 when this was procured.
During 2022/2023 a total amount of R48 250 745,59 was paid to a service provider. This expenditure has been deemed as irregular as this appointment is linked to the Panel of Contractors (8/2/106/2018-2019C)
that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations
During 2022/2023 a total amount of R87 742 555,94 was paid to a service provider. This expenditure has been deemed as irregular as this appointment is linked to the Panel of Consultants (8/2/124/2018-2019C)
that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations
During 2022/2023 a further amount of R5 [illegible] 073,58 was paid to a service provider. This has been deemed irregular as the reason to deviate was not justifiable.
During 2022/2023 a further amount of R8 580 858,85 was paid to a service provider. This has been deemed irregular as the reason to deviate was not justifiable.
During 2022/2023 a further amount of R151 000 was paid to a service provider. This has been deemed irregular as approval was granted by the Acting CFO and not the MM.
During 2022/2023 an amount of R297 500 was paid to a service provider. This has been deemed irregular as prior approval was not obtained.
During 2022/2023 a further amount of R67 220 was paid to a service provider. This has been deemed irregular as approval to deviate was granted by the Acting CFO and not the MM.
During 2022/2023 an amount of R4 988 984,86 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2022/2023 an amount of R41 248,20 was paid to a service provider. This was deemed as irregular as the foreign supplier is not listed on the NT CSD and did not provide MBD 4 and 8.
During 2022/2023 a total amount of R17 799 751,50 was paid to a service provider. This relates to the water carting panel where all the bidders were evaluated / eliminated in accordance with pre-determined requirements.
During 2022/2023 an amount of R63 250 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2022/2023 an amount of R13 578,05 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2022/2023 an amount of R1 174 926,23 was paid to a service provider. This relates to the Travel Services Contract that was deemed as irregular as the reason to deviate was not justifiable.
During 2022/2023 an amount of R994 308,04 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2022/2023 an amount of R3 486 553,77 was paid to a service provider. This was deemed as irregular as the reason to deviate was not justifiable.
During 2022/2023 a total amount of R612 726,70 was paid to various service providers. This was deemed as irregular as the 80/20 preference point system was not applied.
During 2022/2023 an amount of R4 390 068,02 was paid to a service provider. This was deemed as irregular as the BAC did not approve the variation of the contract.
During 2022/2023 an amount of R729 728,88 was paid to a service provider. This was deemed as irregular as the BAC did not approve the variation of the contract.
During 2022/2023 an amount of R1 057 425 was paid to a service provider. This was deemed as irregular as the 20% for variation was exceeded.
During 2022/2023 an amount of R15 590 456,72 was paid to S56 and 56 Managers Remuneration above the determined upper limits for grade 6 municipality.
These matters amount to R209 379 897,16 incl. VAT. Of this amount R27 673 252,95 was investigated and written off by Council. The remaining R181 706 644,21 must still be investigated and considered by Council.

During 2021/2022 a further payment of R536 314,62 was made which was deemed as irregular as the reason for deviation was not justifiable.
During 2021/2022 a further payment of R2 733 044,44 was made which was deemed as irregular as SCM did not form part of the BAC.
During 2021/2022 a further payment of R1 006 129,70 was paid to a service provider. The reason for deviation is not justifiable, MDB 4 and MBD 8 declarations were not obtained,
and the award was approved by an official that is not a senior manager as defined in the MFMA.
During 2021/2022 a further payment of 846 627,31 was made which was deemed as irregular as payment in respect of the contract was exceeded.
During 2021/2022 a further payment of R3 348 233,60 was made which was deemed as irregular as the there was no CIDB Grading attached to the award.
During 2021/2022 an amount of R36 110 was paid to a supplier. This was deemed as irregular as it was established that the bidder should have been disqualified
on the basis of not submitting proof that they are certified to work on the fire prevention / suppression system.
During 2021/2022 an amount of R77 625 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state.
During 2021/2022 an amount of R1 184 500 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state.
During 2021/2022 an amount of R480 125 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state.
During 2021/2022 an amount of R956 037,06 was paid to a service provider. Due to the lack of legislative framework that necessitates the provision of personal security for councillors, this expenditure has been deemed as irregular.
During 2021/2022 an amount of R596 000 was paid to a service provider. Due to the lack of legislative framework that necessitates the provision of personal security for councillors, this expenditure has been deemed as irregular.
During 2021/2022 an amount of R15 531 027,07 was paid to a service provider. This expenditure has been deemed as irregular as this appointment is linked to the Panel of Contractors (8/2/124/2018-2019C)
that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations
During 2021/2022 an amount of R40 006 441,32 was paid to a service provider. This expenditure has been deemed as irregular as this appointment is linked to the Panel of Contractors (8/2/106/2018-2019C)
that has been irregularly established as it is non-compliant with the MFMA and the SCM Regulations
During 2021/2022 an amount of R0 was paid to a service provider. This expenditure has been deemed as irregular as the reason to deviate is not justifiable
During 2021/2022 an amount of R18 860 was paid to a service provider. This expenditure has been deemed as irregular as the service provider is not registered with IRBA (Special Condition of Tender).
The Certificate provided was for a member working for the Service Provider.
During 2021/2022 an amount of R226 310,25 was paid to a service provider. This has been deemed irregular as the variation order was considered unreasonable as it is above 20% benchmark for construction projects.
During 2021/2022 an amount of R146 763 was paid to a service provider. This has been deemed irregular as the bid documentation did not specify the evaluation and adjudication criteria which includes the preference point system.
During 2021/2022 an amount of R984 466,11 was paid to a service provider. This has been deemed irregular as the reason to deviate is not justifiable.
During 2021/2022 an amount of R2 923 637,26 was paid to a service provider. This has been deemed irregular as the reason to deviate is not justifiable.
During 2021/2022 an amount of R3 978 800 was paid to a service provider. This has been deemed irregular as the reason to deviate is not justifiable.
During 2021/2022 an amount of R1 149 873,01 was paid to a service provider. This has been deemed irregular as the variation of the contract was above the 20% threshold.
During 2021/2022 a total amount of R6 614 872,65 was paid to various service providers. Irregularities were identified during the evaluation stage where bidders were not
evaluated / eliminated in accordance with pre-determined requirements.
These matters amount to R83 381 797,40 incl. VAT. Of this amount R23 427 066,86 was investigated and written off. The remining R59 953 830,54 must still be investigated and considered by Council.

During 2020/2021 an amount of R2 998 030,19 was paid to contractor. The contractor was appointed in error. The highest point scorer was disqualified in error.
During 2020/2021 an amount of R260 004,03 was paid to a service provider. The bidder should have been disqualified.
During 2020/2021 an amount of R618 125 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state.
During 2020/2021 an amount of R954 500 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state.
During 2020/2021 an amount of R667 000 was paid to a contractor. The Award was made to a spouse/business partner of a person in the service of the state.
During 2020/2021 an amount of R5 240 was paid to a supplier. When invoiced, payment was made whereas the log submitted as supporting
documentation of kilometres travelled did not include the services rendered.
During 2020/2021 an amount of R13 083 550 was paid to a service provider. The MBD 4 declaration form was not dated.
During 2020/2021 an amount of R60 361 was paid to a service provider. The Award was made to a spouse/business partner of a person in the service of the state.
These matters amount to R18 646 811,11 incl. VAT. Of this amount R14 916 179,03 was investigated and the remaining R3 730 632,08 must still be investigated and considered by Council.

During 2019/2020 an amount of R496 460,55 was paid to contractor. The contractor was appointed in error. The highest point scorer was disqualified in error.
During 2019/2020 an amount of R431 250 was paid. The award was made to a spouse / business partner of a person in the service of the state (ADM).
During 2019/2020 an amount of R353 625 was paid. The award was made to a spouse / business partner of a person in the service of the state (ADM).
During 2019/2020 an amount of R143 750 was paid. The award was made to a spouse / business partner of a person in the service of the state (ADM).
During 2019/2020 an amount of R433 201 was paid to service providers in excess of the guiding prices by National Treasury for PPE covid items.
During 2019/2020 an amount of R10 228,30 was paid to a service provider who did not declare that their member had interest with the state.
These matters amount to R1 868 514,45 incl. VAT. Of this amount R784 875 was investigated and written off. The remaining R1 083 639,45 must still be investigated and considered by Council.

	2024 R	Restated 2023 R

49. Additional disclosure in terms of Municipal Finance Management Act

	2024 R	Restated 2023 R
Audit fees	3 110 302	4 598 539
Opening balance	8 981 459	7 607 889
Current year fee	(11 223 960)	(9 096 125)
Amount paid - current year	867 802	3 110 302
Amount unpaid 30 June 2024		

	2024 R	Restated 2023 R
PAYE, UIF and SDL	(0)	8 910 769
Opening balance	126 357 675	117 389 325
Current year subscription / fee	(115 707 502)	(126 300 093)
Amount paid - current year	10 650 173	(0)

The PAYE, UIF and SDL for the June 2024 payroll was paid during July 2024.

	2024 R	Restated 2023 R
Pension and Medical Aid Deductions	(0)	16 003 020
Opening balance	120 637 049	174 503 145
Current year subscription / fee	(120 637 049)	(190 506 165)
Amount paid - current year	0	(0)

The amount due was paid during June 2024.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days:

	Outstanding more than 90 days R	Total R
at 30 June 2024	131 873	131 873
Councillor Maneli	34 435	34 435
Councillor Bantom	9 577	9 577
Councillor Ketelo	10 657	10 657
Councillor Auld	2 109	2 109
Councillor Genyane		-
	188 652	188 652

	Outstanding more than 90 days R	Total R
As at 30 June 2023	4 166	4 166
Councillor AB Madikane	5 208	5 208
Councillor CA Auld	4 201	4 201
Councillor M Ketelo	1 887	1 887
Councillor M Ketelo / Mbatyoti	56 711	56 711
Councillor KC Maneli	14 733	14 733
Councillor E Bantom	4 329	4 329
Councillor E Bantom	91 235	91 235

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

	Highest outstanding amount	Aging (in days)
30 June 2024	131 873	90
Councillor Maneli	34 435	90
Councillor Bantom	9 577	90
Councillor Ketelo	10 657	90
Councillor Auld	2 109	90
Councillor Genyane		90
	188 652	

	Highest outstanding amount	Aging (in days)
30 June 2023	4 166	90
Councillor AB Madikane	5 208	90
Councillor CA Auld	4 201	90
Councillor M Ketelo	1 887	90
Councillor M Ketelo / Mbatyoti	56 711	90
Councillor KC Maneli	14 733	90
Councillor E Bantam	4 329	90
Councillor E Bantam	91 235	

Supply chain management regulations

The following deviations and ratifications of minor breaches of procurement are reported in Council in terms of paragraph 36(2) of the SCM policy:

	2024 R	Restated 2023 R
Types of deviation:	37 602 492	888 145
Single/Sole Supplier	61 787 215	34 456 039
Emergency	-	
Acquisition of special works of art or historical objects where specifications are difficult to compile	30 112 327	41 343 042
Exceptional case and it is impractical to follow official procurement process	-	13165452 26
Expansions and variations	129 502 035	89 852 678
	1 308 820	1 101 110
Breaches	130 810 855	90 953 788
Total		

The above-mentioned deviations and deviations from the Supply Chain Management processes has been condoned in terms of the approved Supply Chain Management policy.

Bids awarded to family of employees in service of the state

In terms of the SCM regulations, any award above R2000 to family members of employees in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded on the declaration of interest form.

	2024 R	Restated 2023 R
Connected Person and Position Held		567 600
P. Ngabase - Senior Environmental Officer	929 833	98 900
A. Dyantyi - Asset Management	27 000	134 450
T. Mgayi - Asset clerk	-	287 500
Councillor N. Nyathela	668 671	446 045
I.S. Vanda - Platoon Commander	1 097 296	565 800
N. Malgas - Admin Assistant SCM	2 400	10 800
M. Ralane - Engineering Services	131 513	
F. Nondwangu - Corporate Services	2 856 713	2 111 095

Default and breaches

Although the average creditors payment days ratio was at 89,5% at the end of the year 2023/2024 due to the cash flow constraints, from time to time the municipality had challenges in meeting the 30 days legislated timeframe for payments of invoices. This resulted in an aggregate of 10,5% of invoices processed and not paid within 30 days during the 2023/2024 financial year. The municipality has exercised reasonable steps to ensure that invoices are paid within 30 days of receipt.

	R
	1 415 173 204
Total Value of invoices processed	1 266 421 395
Value of invoices processed and paid within 30 days	148 751 808
Value of invoices processed but not paid within 30 days	11%
Percentage of value of invoices not paid within 30 days	

50. Grant performance narrations

Refer to **Annexure 1** and **Note 18** for further detail on grants

National Government Grants

1. Financial Management Grant (FMG)

Funds are used for salaries of five interns. In addition to interns salaries, the funds also utilised for work resources e.g. laptops for Budget and Treasury Office support, CPMD training and other Financial Management related programmes.

The grant has been fully spent at year end.

2. Extended Public Works Programme (EPWP)

Unskilled and Skilled Contract workers have been appointed throughout the district for various projects utilising the EPWP funding. The grant has been fully spent at year end.

3. Municipal Infrastructure Grant (MIG)

R34.5m was stopped by Treasury and the remaining MIG funds were used for water and sanitation projects across the district. 99 % has been spent on water and sanitation projects for the 2023/24 Financial year. Roll over application for balance to be submitted to National Treasury.

4. Water Services Infrastructure Grant : Drought Relief (WSIG)

The funds were utilised for various water and sanitation related projects within the District.

5. Rural Road Asset Management System (RRAMS)

The RRAMS fund is used to develop and maintain the roads management system for all the LM's within the Amathole District.

The funds were fully spent.

6. Neighbourhood Development Partnership Grant (NDPG)

This fund is transferred to ASPIRE for implementation. There was no allocation for the financial years 2020/21 to 2023/24. Reconciliation to be done and request for approval for Council to return funds to Funder.

7. Regional Bulk Infrastructure (RBIG)

Funds were utilised for the Xhora Bulk and Ngqamakwe Bulk Water Supply Schemes. Both projects are multi- year projects and will continue in the 2023/2024 financial year.

	2024	Restated 2023
	R	R

8. Mnquma War on Leaks
Funds utilised for water projects in Mnquma.

9. ACIP - WW Infrastructure refurbish R3 5M
Funds utilised for refurbishment of Sewer Pump Stations in Fort Beaufort.

10. Victoria
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM. The delay is due to changes in the legislation.

11. Teko Springs/ Ndlovini
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

12. Needs Camp
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

13. Hogsback
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

14. Haga Haga
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

15. Willowvale
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

16. Elliotdale
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

17. Ndevana
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

18. Msobomvu
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

19. Hertzog
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

20. Great Kei Planning Funds
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

21. Mnquma Planning Funds
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

22. Ngqushwa Planning Funds
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

23. Nkonkobe Planning Funds
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

24. Mnquma Survey
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

25. Survey Interest and Contribution
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

26. Ngqushwa Survey Funds
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

27. Nkonkobe Survey
The project is awaiting approval of the Plans from LM. The approvals are expected in 2023/24 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

28. Lewis Survey
The project is awaiting approval of the Plans from LM. The approvals are expected in 2024/25 financial year based on the discussion meetings with the said LM, due to the changes in the legislation.

29. Prudoe Engineering Design
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

30. Dongwe Engineering Design
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

31. Kubusie Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

32. Ndlovini Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

33. Ducats Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

34. Macleantown Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

35. Prudoe Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

36. Dongwe Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

37. Teko Spring Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

38. Needs Camp Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

39. Teko Spring Top Structure
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

40. Prudoe Top Structure
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

41. Dongwe Top Structure
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in the 2024/25 financial year.

42. Kubusie Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

43. Ndlovini Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

44. Ducats Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

45. Macleantown Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

46. Prudoe Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

47. Dongwe Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

48. Teko Spring Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

49. Needs Camp Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

50. Teko Spring Top Structure
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

51. Prudoe Top Structure
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

52. Dongwe Top Structure
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

53. Needscamp Top Structure
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

54. Ducats Top Structure Subsidy
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

	2024	Restated 2023
	R	R

55. Kubusi Top Structure
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

56. Lilyvale Kaysers Beach Establishment Grant
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

57. Kaysers Beach Housing Project
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

58. Lillyvale Eng Designs
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

59. Planning Grant DLA
Project is still with the Land Claims Court. Latest hearing was held in March 2024, pending another court date.
Funds will be returned to funder as soon as Court order is obtained and a Close out reports are concluded.

60. Restitutional Award (DLA)
Project is still with the Land Claims Court. Latest hearing was held in March 2024, pending another court date.
Funds will be returned to funder as soon as Court order is obtained and a Close out reports are concluded.

61. Beneficiary Administration (Breaking new ground)
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

62. Environmental Impact Assessment
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

63. Geo Hydrology
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25
The Municipality is finalising the close out report and the remaining balances are to be transferred back to the funder in 2024/25

64. Bawa Falls Led
Project was done and a request memo will be done to the funder to re-use the funds

65. Elliotdale Brick Making
Project was done and a request memo will be done to the funder to re-use the funds

66. EC Information Initiative Support
Project was done and a request memo will be done to the funder to re-use the funds

67.ECDOT: Butterworth Interchange
This is a Municipal balance of the project due to ADM as ADM provided bridging funding to the project. The reconciliation will be done

68. Roof Top Rain Water Harvesting
The project was completed and the balance declared as savings

69. Ngqusi Rain Water Harvesting
The project was completed and the balance declared as savings

70. Water service support
The project was completed and the balance reflected are savings. A request will be made to the funder to utilise the remaining funds on another project.

71. Free Basic Services Strategy Development
The project was never implemented. A request will be made to the funder to utilise the remaining funds on another project.

72. Siwindlala Women's Project
Project was done and a request memo will be done to the funder to re-use the funds.

73. Balfour Sawmills
Project was done and a request memo will be done to the funder to re-use the funds.

74. Highlands Resorts
Project was done and a request memo will be done to the funder to re-use the funds.

75. Peddie Brick Making
Project was done and a request memo will be done to the funder to re-use the funds.

76. Inkuthalo Hydroponics
Project was done and a request memo will be done to the funder to re-use the funds.

77. Capacity Building for LM's
Funds utilised for capacity buildings of LM's within the District.

78. Led Capacity Building - Ngqushwa
Project was done and a request memo will be done to the funder to re-use the funds.

79. Upgrade Infrastructure Sanitation (Consolidated of Accounts)
The project was completed and the balance reflected are savings. A request will be made to the funder to utilise the remaining funds on another project.

80. Human Settlements Drought Relief Kati-Kati
The project is a multi-year project and permission will be requested from the funder to roll over the funds.

81. Chatha Development
The project is concluded. The Balance is to be returned to the Funder after the Close Out Report. this to be done in March 2025.

82. Fingoland and Regional Authority
The project is concluded.
Spending is at 90% for the financial year. Roll over approved by SETA for the 2023/24 financial year.

83. Dwesa Cwebe Restitutional
The project is concluded. The Balance is to be returned to the Funder after the Close Out Report. this to be done in March 2025.

84. Co-operative specialist
Project was done and a request memo will be done to the funder to re-use the funds.

85. Tourism Survey
Project will be completed in the next financial year (Multi-year).
Project was done and a request memo will be done to the funder to re-use the funds.

86. Nxuba Dam Chalets Development
Project was done and a request memo will be done to the funder to re-use the funds.

87. SETA Implementation
Funds were utilised for training for ADM staff.
Spending is at 65% for the financial year. Approval to roll over the 2023/24 balance has been granted by SETA for the 2024/25 financial year.

88. Ploughing Contactors-ward 10
The programme was done internally funded hence the Mbhashe community funds were not spent. Research will commence in and be concluded in the next financial year in order to close the programme.

89. Ploughing Contactor- NGXAKAXA
The programme was done internally funded hence the Mbhashe community funds were not spent. Research will commence in and be concluded in the next financial year in order to close the programme.
Funds utilised for communal water within the District.

90. Ploughing Contactor- Ward 15
Project will be completed in the next financial year (Multi-year).
The programme was done internally funded hence the Mbhashe community funds were not spent. Research will commence in and be concluded in the next financial year in order to close the programme.

91. Vuna Awards
Funds will be utilised for stationery.
Funds received as award to ADM and utilised for IDP related programs.

92. Public Awareness Savings
Project completed. Funds utilised for Public awareness campaigns with the District.

93. Shixini Water Supply
Funds utilised for Water project in Shixini.

94. Communal Water Stations
The project was completed and the balance reflected are savings. A request will be made to the funder to utilise the remaining funds on another project.

95. Technical Assistance to Develop District Development Profile
Project was done and a request memo will be done to the funder to re-use the funds.

96. Municipal Disaster Grant: Drill borehole Dutywa
The project was completed. To get confirmation from NT if balance was not reduced from ADM equitable share then return to NT or recognise as ADM fund

97. Municipal Disaster Grant: Drill borehole Nqabane
The project was completed.

98. Municipal Disaster Grant: Drill borehole Dwesa Region
The project was completed. To get confirmation from NT if balance was not reduced from ADM equitable share then return to NT or recognise as ADM fund

51. Interest earned - outstanding receivables

	2024	2023
Receivables - service charges: Water	77 406 569	36 082 432
Receivables - service charges: Sanitation	32 373 887	13 872 698
	109 780 455	**49 955 130**

Interest is charged at prime interest rate.

Notes to the Annual Financial Statements

	2024 R	Restated 2023 R
52. Gain/(Loss) on disposal of assets		
Infrastructure assets	(22 095 495)	-
Other assets	1 410 554	(155 286)
	(20 684 940)	**(155 286)**

[redacted]ch as furniture and fittings, buildings and motor vehicles.
The comparative figure for the gain/(loss) on the disposal of assets has been restated, refer **Note 44**.

	2024 R	Restated 2023 R
53. Repairs and maintenance		
Water and sanitation	25 663 466	21 997 925
Buildings	808 718	4 137 797
Office furniture and equipment	1 398 059	981 966
Software	-	-
Other	-	-
	27 870 243	**27 117 688**

The comparative figure for repairs has been restated, refer **Note 44**.

	2024 R	Restated 2023 R
54. Water distribution losses		
Water distribution losses	253 427 936	208 685 196
Percentage water losses	12%	7%

The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipe and other leakages.
The percentage is consistent with the prior year, however the costing differs.

	2024 R	Restated 2023 R
55. VAT Accrual		
VAT accrual - credit	194 188 705	130 487 407

VAT is on the payment basis. All returns were submitted on time during the year.

The VAT accrual is comprised as follows:

Deferred output VAT	[illegible]	[illegible]

The comparative figure for VAT accrual credit has been restated, refer **Note 44**.

	2024 R	Restated 2023 R
56. Transfers and grant expenditure		
Conditional grant expenditure	12 263 006	10 760 678
Comprised of:		
Internships	523 876	760 679
Amathole Economic Development Agency contribution	11 739 130	9 999 999

This expenditure relates to non capital items.

	2024 R	Restated 2023 R
57. Donations received		
Equipment	-	-

During the prior year equipment was donated to the municipality, this included a microwave, photographic equipment and tools.

58. Financial sustainability

The municipality is facing a number of financial risks that cast doubt on its ability to sustain its current level of operations in the near future. The key financial risks identified include:

- inability to pay creditors within due dates
- inability to collect revenue billed
- net current liability position

Management has planned to reduce expenditure and improve the financial sustainability of the municipality through the implementation of austerity measures to reduce the administrative costs, revenue enhancement strategies and rebuilding of reserves. Management has reviewed the adopted policies, long-term financial forecasts, asset management plans, contractually committed fixed costs such as rentals and the existing organogram with a view to reduce financial liability and costs. In addition to management's own interventions, the Eastern Cape Executive Council in its sitting on 20 January 2021 invoked Section 139(5)(a) of the Constitution of South Africa at the municipality being a Mandatory Provincial Intervention - Financial Recovery Plan.
Correspondence to this effect, dated 26 February 2021, was received from the MEC. The municipality is in the recovery phase of the plan. The municipality continues to monitor the implementation of the plan. During the current year, an assessment of the MFRP was conducted with both National and Provincial Treasury.

59. Events after reporting date

Council considered irregular expenditure, that was investigated by MPAC in February 2024, on 31 July 2024 amounting to R75 077 344.

60. VAT accrual

	2024 R	Restated 2023 R
VAT accrual - debit	140 671 593	[illegible]

VAT is on the payment basis. All returns were submitted on time during the year.
The VAT accrual is comprised as follows:

Deferred input VAT	[illegible]	[illegible]

The comparative figure for VAT accrual debit has been restated, refer **Note 44**.

61. Budget differences

Material differences between budget and actual amounts
The excess of actual expenditure over the final budget of 10% are explained below:

Statement of Financial Performance

1. Service charges
The year to date budget amount for service charges is R569 million while the year to date accrued billing is R563 million representing a 1% variance.
An amount of R10 million has been included in the service charges for the indigent subsidy.
There are areas where the meter readers were unable to read meters due to ongoing disputes between the municipality and the community.
Where meter readings are not obtained, these service charges are billed using estimates in line with the approved tariff policy.

2. Rentals
The year to date budget is R329 thousand and the actual received to date is R302 thousand being 8% variance.
A lease on one of the properties had expired, the property was vacated and has not yet been renewed, hence the rental was less than anticipated.

3. Interest earned - outstanding receivables
The year to date planned amount was R58 million with the actual amounting to R110 million. This represents 89% more than the budget amount.
This relates to interest charged and not interest received.
Consumers have not been paying for services received, even the key accounts have dropped thereby increasing the figure of interest charged, restrictions and disconnections not fully effective due to various factors e.g., non availability of vehicles to restrict/disconnect, no devices to limit water usage to defaulters.

4. Other income
Other revenue is comprised of payments from sundry debtors which include septic tank /conservancy tank clearances and clearance certificates.
These services are ad hoc and have not been budgeted for separately, hence the variance.

5. Interest on external investments
The year to date planned amount was R25 million with actual interest accrued amounting to R45 million.
The returns were better than anticipated when considering the global events to the economy.

6. Government grants
The municipality has planned to receive R1,73 billion for the year, in the form of both equitable share and conditional grants. R1,72 billion has been recognised for the year. The variance between the planned year to date grants actual is a 0.6% variance. This is mainly due to the RBIG allocation not being received in full. The money is only received upon submission and approval of a claim by the Municipality.
At year end the full allocation had not been claimed and hence grant income could not be recognised in accordance with GRAP as the conditions had not been met.

Expenditure
7. Employee related costs
Employee costs incurred for the year amounts to R736 million, while the budget is at R760 million being a 3% variance. The municipality continues to pursue means to reduce the employee related costs.
Only critical vacant posts are filled and new appointments are made at the correct category.

8. Remuneration of councillors
Councillor remuneration for the year amounts to R17 million, while the budget is at R15 million being a 13% variance. The reason for the variance is the back-pay paid.

9. Depreciation, amortisation and impairment
The budget is R81 million with R160 million expenditure being recognised. This is a 98% variance as depreciation was more than anticipated. The fixed asset registers were corrected during the current year which has also impacted the depreciation and impairment.

10. Finance costs
The finance costs budget includes the portion of interest on the defined benefit obligation, land rehabilitation provision as well as the interest incurred on overdue accounts.
The budget amount is R5 million with R51 million actual expenditure reported. The majority of the finance costs are recognised at year end in terms of GRAP 25 Employee Benefits, being R23 million.
The finance costs also include R25 million relating to interest accrued on the debt owed to the Water Board for bulk water purchases, this amount has not been budgeted for.

11. Debt impairment
The budget amount for the year is R403 million, with the actual being R450 million, being a 12% variance. The increase required for the impairment at year end was greater than anticipated.
This is as a consequence of the lower than anticipated revenue collection.

12. Collection costs
The collection costs have been budgeted for, however no collection costs have been incurred during the year under review.

13. Repairs and maintenance
The budget amount for the year is R41 million while the actual amount is R28 million, being a 34% variance. The repairs are ad hoc in nature and therefore are less than the budgeted amount.

14.Contracted services
Contracted Services relates to expenditure incurred on the leasing of property plant and equipment, leases for buildings, photocopiers and security.
The budget is R140 million with R112 million actual expenditure incurred, being a 21% variance. The budget had initially been increased to accommodate the increase in security costs due to the increased vandalism of municipal infrastructure.

15. Inventory consumed
This amount relates to VIP toilets that have been expensed upon the beneficiary taking ownership and water purchased and consumed.
The budget is R266 million against actual expenditure of R164 million, being a 23% variance.
The budget is based on the VIP projects as the water inventory budget (R122 923 809) is all part of inventory in the balance sheet as per Schedule A.

In addition budget relating to VIP toilets is part of the balance sheet as sanitation projects. Hence the significant variance.

16.Transfers and grant expenditure
The transfers and grant expenditure includes non capital expenditure such as feasibility studies, stipends and the allocation to ASPIRE, the municipal entity.
An amount of R10 million was budgeted for ASPIRE. The ASPIRE allocation is transferred in three tranches.

17. Operational Costs
The budget is R193 million against actual expenditure of R283 million, being 47% more than the budget.
Water carting expenditure increased significantly during the year due to vandalism of the municipal infrastructure. Legal fees also increased significantly during the current year.

18. Actuarial gains
Actuarial gains and losses on the actuarial valuations for the employee benefits are not budgeted for due to the level of uncertainty.
The municipality does not budget for gains and losses.

19. Gain/(Loss) on the disposal of assets
Gain/(loss) on the disposal of assets is not budgeted for due its ad hoc nature and level of uncertainty.

Statement of Financial Position
1. Inventories
The actual figures are more than the budget figures as land with RDP houses was reclassified from investment property to inventories.

2. Receivables from exchange transactions
Collections have been lower than anticipated during the financial year, the impairment has therefore been estimated at 80% due to the poor collection trends hence the debtors balances have decreased.

3. Receivables from non-exchange transactions
The actual figure for receivables from non-exchange transactions decreased as a control account for bank returned payments was cleared. The budget had considered the balance of this control account.

4. Current Investments
Not a material variance.

5. Cash and cash equivalents
The cash and cash equivalents were less than anticipated due to increased spending on operating expenditure that was not considered in the budget.

6. Investment Property
Investment property decreased as land with RDP houses was classified from Investment Property to inventories. The budget was therefore exceeding the actual figures.

7. Property, plant and equipment
Property plant and equipment actuals are less than the budget, this was due to actual figures being adjusted for errors in the depreciation and impairment calculations.

8. Intangible assets
The intangible assets were less than the budget, as items were expensed and not capitalised as anticipated during the budget process.

9.Non - current receivables
New treatment works were commissioned and connected to a power supply, hence new accounts electricity were opened and deposits were paid.
The budget did not consider this hence the actual exceeds the budget.

12.Payables from exchange transactions
The actual payables are less than the budget as the amount of creditors at year end was less than anticipated. The actual figure was less than the budget as corrections were made to the trade payables and accruals in the current year.

14. VAT payable
The municipality is on the payments basis, hence the VAT payable relates to output VAT not yet declared as payment has not been received from the consumers. The budget did not take into account the bad debt write off in 2022, which reduced the VAT payable as deferred output VAT was reversed.

16.Unspent conditional grants and receipts
The actual amount is more than the budget as the RBIG grant was not fully spent at year end. It was anticipated that grants would be fully spent at year end.

17. Provisions
The actual provision amount was less than the budget as the leave provision reduced due to the implementation of the Council approved policy on leave.

19.Non current provisions
The actual amount for non current provisions is less the budget as the provision for the rehabilitation site was corrected to be in alignment with the valuation obtained from an expert.

20.Employee benefit obligation
The employee benefit obligation is based upon the report obtained from the actuaries.
The valuations at the end of June 2024 were less than anticipated based on assumptions used in the valuation of the obligation. The current portion of the obligation is not budgeted for separately .

Cash flow statement

3. Operating activities
The net cash from operating activities variance is due to the service charges being less than the budget amount as well as the actual payments to employees being less than the budget.

2. Investing activities
The net cash flow from investing activities variance is affected by the movement of assets.

3. Financing activities
No significant variances.

Changes from the approved budget to the final budget
The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters as well as an adjustment to the budget.

Appendix A - Schedule of External Loans

EXTERNAL LOANS	Loan number	Interest Rate	Redeemable Date	Received during the period	Redeemed / written off during the period	Balance at 30 June 2023
				R	R	R
CURRENT PORTION						
				-	-	-
				-	-	-
				-	-	-
Total long-term loans				-	-	-

The loan was settled during the 2016/17 financial year

APPENDIX B

AMATHOLE DISTRICT MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2024

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and buildings																	
Land																	
General plant	6 965 092					6 965 092											6 965 092
Operational buildings																	
Municipal Offices	22 387 408					22 387 408	(14 532 449)	(746 247)	-		(15 278 696)						7 108 712
Community																	
Centres	1 832 896					1 832 896	(1 009 073)	(61 097)	-	-	(1 070 170)						762 726
Fire/Ambulance Stations												-					
Total	31 185 396	-	-			31 185 396	(15 541 522)	(807 344)	-	-	(16 348 866)						14 836 530
Infrastructure																	
Sanitation																	
Pump Stations	36 662 057					36 662 057	(21 602 769)	(3 082 057)			(24 684 826)						11 977 231
Reticualtion	167 274 302		87 324 747			254 599 049	(41 072 181)	(2 409 228)			(43 481 409)						211 117 640
Waste Water Treatment	117 757 956	879 075	1 302 365			119 939 396	(52 045 526)	(5 382 351)			(57 427 877)		-	-			62 511 519
Solid waste																	
Landfill Sites	10 345 844			-	-	10 345 844	(882 739)	(441 369)			(1 324 108)						9 021 736
Water supply																	
Boreholes	188 648 488	1 622 250	57 680 139	(1 547 684)		246 403 193	(98 573 251)	(14 670 017)	979 625		(112 263 643)						134 139 550
Dams and Weirs	18 956 497					18 956 497	(4 028 236)	(237 451)			(4 265 687)						14 690 810
Distribution	3 574 214 031	12 414 013	1 531 966 041	(27 594 108)		5 090 999 977	(1 008 026 027)	(79 420 059)	7 244 088	-	(1 080 201 998)						4 010 797 979
Pump Stations	220 135 059	7 043 254		(1 588 678)		225 589 635	(79 680 080)	(8 710 083)	618 714		(87 771 449)						137 818 186
Reservoirs	204 765 961	107 019 065		(284 874)	-	311 500 152	(66 571 304)	(11 797 496)	77 422		(78 291 378)						233 208 774
Water Treatment Works	295 948 817	15 983 887	193 471 074		-	505 403 778	(126 900 471)	(22 969 644)			(149 870 115)						355 533 663
Total	4 834 709 012	144 961 544	1 871 744 366	(31 015 344)	-	6 820 399 578	(1 499 382 584)	(149 119 755)	8 919 849	-	(1 639 582 490)	-	-				5 180 817 088
Leased assets																	
Furniture And Office Equipment																-	
Total	4 865 894 408	144 961 544	1 871 744 366	(31 015 344)	-	6 851 584 974	(1 514 924 106)	(149 927 099)	8 919 849	-	(1 655 931 356)						5 195 653 618
Other assets																	
Computer Equipment																	
Computer Hardware	39 733 043	3 937 501			(93 905)	43 576 639	(29 304 935)	(1 973 254)		46 718	(31 231 471)	(143 726)	(5 190)			(148 916)	12 196 252
Furniture And Office Equipment																	
Cabinets And Cupboards	3 901 614					3 901 614	(3 538 234)	(76 005)			(3 614 238)	(9 956)	1 173			(8 783)	278 593
Chairs And Couches	4 103 241					4 103 241	(3 784 788)	(67 664)	-		(3 852 452)	(15 867)	(1 193)			(17 061)	233 729
Other Furniture And Fittings	727 708	63 960				791 668	(660 084)	(17 546)			(677 630)	(3 513)	(1 783)			(5 295)	108 743
Office Machines	780 746	11 800	-		(9 098)	783 448	(608 329)	(32 420)		1 486	(639 264)	(931)	(104)			(1 035)	143 150
Other Office Machines	6 335 802					6 335 802	(5 657 443)	(132 772)			(5 790 215)	(26 990)	(8 069)			(35 059)	510 529
Tables and Desks	5 530 482					5 530 482	(4 982 331)	(110 188)			(5 092 519)	(28 829)	(504)			(29 333)	408 631
Audiovisual Equipment	446 409					446 409	(404 195)	(8 704)			(412 898)						33 511
	21 826 004	75 760			(9 098)	21 892 666	(19 635 403)	(445 299)		1 486	(20 079 216)	(86 085)	(10 481)			(96 566)	1 716 884
Machinery And Equipment																	
Compressors and generators	1 280 776				-	1 280 776	(979 596)	(63 991)		-	(1 043 587)	(141)	(95)			(236)	236 953
Fire Equipment	880 085	567 160				1 447 245	(784 524)	(19 112)		-	(803 636)		(18)			(18)	643 591
Laboratory Equipment	3 585 693	207 960				3 793 653	(2 845 271)	(202 912)			(3 048 183)	(783)	(11 959)			(12 742)	732 728
Lawnmowers	222 044					222 044	(203 296)	(3 772)			(207 068)	(1 178)				(1 178)	13 798
Plant and Equipment: General	1 398 684	59 258			-	1 457 942	(1 135 921)	(57 060)			(1 192 981)	(2 776)	(197)			(2 973)	261 989
Radio Equipment	24 966		-			24 966	(23 951)	(211)			(24 162)						804
Tractors	602 100	980 194				1 582 294	(457 805)	(49 540)			(507 345)						1 074 948
Trailers	605 670					605 670	(79 135)	(38 359)			(117 494)						488 176
	8 600 018	1 814 572				10 414 590	(6 509 499)	(434 957)	-		(6 944 457)	(4 877)	(12 269)			(17 146)	3 452 987
Transport Assets																	
Fire Engines	8 017 369		-	-	(523 500)	7 493 869	(4 504 397)	(376 397)		308 546	(4 572 248)						2 921 621
Motor Vehicles	7 248 173	13 763 859	-		(175 980)	20 836 052	(4 413 752)	(1 115 396)		164 787	(5 364 361)	-	(610 745)			(610 745)	14 860 946
Trucks and Bakkies	99 326 045				(8 127 468)	91 198 577	(67 792 462)	(4 239 887)		7 275 847	(64 756 503)	(83 145)			83 145		26 442 075
Other Motor Vehicles	1 305 059					1 305 059	(1 011 679)	(56 209)			(1 067 887)			-			237 172
	115 896 647	13 763 859			(8 826 948)	120 833 557	(77 722 290)	[illegible]		7 749 180	(75 760 999)	(83 145)	(610 745)		83 145	(610 745)	44 461 813
Total	186 055 711	19 591 692		-	(8 929 951)	196 717 452	(133 172 128)	(8 641 398)	-	7 797 383	(134 016 143)	(317 833)	(638 685)	-	83 145	(873 372)	61 827 937
Total	5 083 135 515	164 553 236	1 871 744 366	(31 015 344)	(8 929 951)	7 079 487 822	(1 663 637 756)	(159 375 841)	8 919 849	7 797 383	(1 806 296 365)	(317 833)	(638 685)	-	83 145	(873 372)	5 272 318 085

AMTHOLE DISTRICT MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2024

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Heritage																	
Monuments							-	-	-	-	-	-	-	-	-	-	
Culturally Significant Building	400 000,00	-	-	-	-	400 000,00	-	-	-	-	-	-	-	-	-	-	400 000,00
Total	400 000,00	-	-	-	-	400 000,00	-	-	-	-	-	-	-	-	-	-	400 000,00

AMTHOLE DISTRICT MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2024

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment properties																	
Land and buildings	107 420 819	-	-	-	-	107 420 819	(1 809 514)	(106 450)	-		(1 915 964)	-	-	-	-	-	105 504 855
Total	107 420 819	-	-	-	-	107 420 819	(1 809 514)	(106 450)	-	-	(1 915 964)	-	-	-	-	-	105 504 855

AMTHOLE DISTRICT MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2024

Description	Cost / Revaluation						Accumulated Depreciation					Accumulated Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible assets																	
Internally generated																	
Other																	
Assets under Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software	62 831 615	211 284	-	-	-	63 042 898	(62 517 924)	(313 688)	-	-	(62 831 612)	-	-	-	-	-	211 286
Total	62 831 615	211 284	-	-	-	63 042 898	(62 517 924)	(313 688)	-	-	(62 831 612)	-	-	-	-	-	211 286
Total Asset Register	5 222 602 552	(64 784 520)	1 871 744 366	(31 015 344)	(8 929 951)	7 219 166 143	(1 712 423 671)	(158 988 636)	8 919 849	7 797 383	(1 854 695 075)	(317 833)	(638 685)	-	83 145	(873 372)	5 363 597 696

APPENDIX C
AMATHOLE DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2024

Description	Cost / Revaluation					Accumulated Depreciation					Accumulated Impairment					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
55400 Management of Water Service Providers	9 065 270				9 065 270	699 622				699 622	1 357 476				1 357 476	2 057 098				2 057 098	7 008 172
53100 Administration	6 150 019				6 150 019	1 608 575				1 608 575	1 777 360				1 777 360	3 385 934				3 385 934	2 764 085
55629 Operations & Maintenance Water Mncwasa	1 890 000				1 890 000	505 874				505 874	533 626				533 626	1 039 500				1 039 500	850 500
55150 Building & Services Planning	4 275 000				4 275 000	1 851 318			-	1 852 318	498 932				498 932	2 351 250				2 351 250	1 923 750
55330 Water Service Authority	1 080 000				1 080 000	289 367				289 367	304 633				304 633	594 000				594 000	486 000
55850 [illegible]olani WTW ex DWS	2 520 000				2 520 000	672 889				671 889	713 111				713 111	1 396 000				1 396 000	1 [illegible] 000
52400 Information Systems Unit	801 939				801 939	501 908				501 908	57 300				57 300	559 209				559 209	242 730
54120 Expenditure	8 935				8 935	62 511			-	62 511	-				-	62 511				62 511	(53 576)
57300 DIRECTOR LAND HOUSING AND ECONOMIC DEVELOPME	45 783				45 783	14 209				14 209	5 900				5 900	20 110				20 110	25 674
58100 Municipal Manager	51 763				51 763	13 660				13 660	3 296				3 296	16 957				16 957	34 806
55100 Director Engineering Services	110 919 076				110 919 076	28 614 916				28 614 916	5 519				5 529	28 620 [illegible]				28 620 435	82 298 642
54800 Credit Control	26 660				26 660	17 755				17 755						17 755				17 755	8 906
51500 General																		-		-	
56250 Municipal Health Services ADM	97 134				97 134	20 054				20 054					-	20 054				20 054	77 080
56700 Mayoral Committee	7 845				7 845	1 736				1 736	821				821	2 556				2 556	5 289
54100 Chief Financial Officer	84 170				84 170	[illegible] 257				50 257	23 890				23 890	74 147				74 147	10 023
54400 Asset Management	49 516				49 516	23 969				23 969	3 711				3 711	27 680				27 680	21 837
58700 Budgeting	7 456				[illegible]456	4 966				4 966	1 990				1 990	6 955				6 955	[illegible]
58900 Billing	443 017				443 017	95 192				95 192	44 016				44 016	139 209			-	139 209	303 808
53200 Human Resources	42 967				42 967	30 651				30 651	-				-	30 651				30 651	12 316
58450 Mbhashe Satellite Office	32 398				32 398	23 961			-	23 961	2 709				2 709	26 671				26 671	5 727
54600 Supply Chain Management	41 845				41 845	26 998				26 998	-					26 998				26 998	14 847
52300 Strategic Planning	47 870				47 870	14 845			-	14 [illegible]	4 961				4 961	19 806				19 806	28 064
53600 Legislative Support Services	100 690				100 690	35 601				35 601	54 662				54 [illegible]	90 263				90 263	10 427
[illegible] Executive Support Services	11 926	-			11 926	10 067				10 067	743				743	10 807				10 807	1 119
52500 Communications & Customer Care	183 626				183 626	53 700				53 700	3 797				3 797	57 497				57 497	126 129
54300 Accounting & Reporting	42 892				42 892	25 029			-	25 029	1 495	-			1 495	26 524				26 524	16 368
56300 Fire Services	37 459				37 459	18 060			-	18 060	1 814	-			1 814	19 874				19 874	17 584
57200 Economic Development	5 214				5 214	4 333				4 333	-					4 333				4 333	882
57100 Land Administration & Housing	36 694				36 694	11 798				11 798	4 145				4 145	15 943				15 943	20 751
58650 Nxuba Satellite Office	157 137 839				157 137 839	89 528 409				89 528 409	6 172 684				6 172 684	95 701 092				95 701 092	61 436 747
55360 PMU	29 283				29 283	21 171				21 171	-					21 171				21 171	8 111
58150 Legal Services	7 343				7 343	3 986				3 986						3 986				3 986	3 357
53300 Director Legislative & Executive Support Services	11 285	-			11 285	9 555				9 555						9 555				9 555	1 [illegible]
53500 Council General	6 450				6 450	[illegible]462				5 462					-	5 462				5 462	988
58250 Internal Audit	[illegible] 577				25 977	21 073				21 073	1 495				1 495	22 568				22 568	3 [illegible]
56200 Community Safety Services	7 766				7 766	3 830				3 830	-				-	3 830			-	3 830	3 936
56100 Community Services	24 208 842	-			24 208 842	1 045 199				1 045 199						1 045 [illegible]				1 045 199	23 163 643
52200 Municipal Support Unit	11 355	-			11 355	2 354				2 354						2 354				2 354	9 002
56650 Municipal Health Services in Nxuba	1 232	-			1 232	248				248						248				248	984
55602 Operations & Maintenance Water Elliotdale	3 465 199				3 465 199	1 [illegible] 626				1 643 626					-	1 643 626			-	1 643 626	1 821 573
55601 Operations & Maintenance Water Willowvale	1 892 415				1 892 415	843 685			-	843 685		-				843 685			-	843 685	1 048 730
55637 Operations & Maintenance Water Nqadu	455 986				455 986	268 345				268 345					-	268 345				268 345	187 641
55700 Borehole Schemes	31 870 172				31 870 172	13 627 611				13 627 611	1 202				1 202	13 628 813				13 [illegible]	18 241 358
55600 Operations & Maintenance Water Dutywa	21 820 477				21 820 477	5 708 656				5 708 656						5 708 656				5 708 656	16 111 821
55628 Operations & Maintenance Water Peddie	6 421 239				6 421 239	3 140 127				3 140 127				-		3 140 127				3 140 127	3 281 112
55900 Borehole Schemes ex DWS	5 641 504				5 641 504	2 492 206				2 492 206	-					2 492 206				2 492 206	3 149 297
55612 Operations & Maintenance Water Hega Hega	2 633 712				2 633 712	1 339 987				1 339 987						1 339 987				1 339 987	1 293 725
55625 Operations & Maintenance Water Bedford	2 179 159				2 179 159	1 362 350				1 362 350		-				1 362 350				1 362 350	816 809
55616 Operations & Maintenance Water Kei Bridge / Komga	3 307 147				3 307 147	1 855 454				1 855 454						1 855 454				1 855 454	1 451 693
55632 Operations & Maintenance Water Gcgcyume (incl Midd	2 478 334 622				2 478 334 622	8 642 176				8 642 176						8 642 176				8 642 176	2 469 692 446
55620 Operations & Maintenance Water Seymour	416 422				416 422	221 815				221 815						221 815				221 815	194 607
55627 Operations & Maintenance Water Glenmore	947 961				947 961	526 659				526 659						526 659				526 659	421 302
55622 Operations & Maintenance Water Alice	3 526 609				3 526 [illegible]	2 037 988				2 037 988	-					2 037 988				2 037 988	1 488 621
55624 Operations & Maintenance Water Adelaide	3 873 698				3 873 698	2 979 397				2 979 397						2 979 397				2 979 397	894 301
55607 Operations & Maintenance Water Qolora	52 664 086				52 664 086	18 944 873				18 944 873						18 944 873				18 944 873	33 719 213
55626 Operations & Maintenance Water Laing	397 897				397 897	321 837				321 837	-					321 837				321 837	76 060
55611 Operations & Maintenance Water Ngqamakwe	2 746 458				2 746 458	1 900 982				1 900 982	-					1 900 982				1 900 982	845 476
55615 Operations & Maintenance Water Chintsa	7 269 069				7 269 069	3 005 905	-			3 005 905	6 373				6 373	3 012 278				3 012 278	4 256 791
55617 Operations & Maintenance Water Kei Road & Amabele	9 943 375				9 943 375	3 370 738				3 370 738						3 370 738				3 370 738	6 572 637
55623 Operations & Maintenance Water Hogsback	2 340 536	-			2 340 536	962 835				962 835						962 835				962 835	1 377 701
55619 Operations & Maintenance Water Cathcart	2 235 931				2 235 931	603 092				603 092						603 092				603 092	1 632 839
55633 Operations & Maintenance Water [illegible]	6 005 683	-			6 005 683	2 914 323				2 924 323						2 924 323				2 924 323	3 081 361
55634 Operations & Maintenance Water Upper Mnyameni	145 790				145 790	86 657				86 657						86 657				86 657	159 133
55618 Operations & Maintenance Water Stutterheim	7 096 232				7 096 232	1 999 016				1 999 016						1 999 016				1 999 016	5 096 216
55613 Operations & Maintenance Water Kei Mouth	1 172 401				1 172 401	644 929				644 929						644 929				644 929	527 472
55614 Operations & Maintenance Water Morgan Bay	11 389 211	-			11 389 211	2 592 939				2 592 939						2 592 939				2 592 939	8 796 272
55909 Operations & Maintenance Sanitation Stutterheim	12 854 108				12 854 108	5 436 351				5 436 351						5 436 351				5 436 351	7 397 759
55908 Operations & Maintenance Sanitation Cathcart	11 363 451				11 363 451	4 825 386				4 825 386						4 825 386				4 825 386	6 540 064
55906 Operations & Maintenance Sanitation Keiskamma	3 980 033				3 980 033	1 471 684				1 471 684						1 471 684				1 471 684	2 508 350
55912 Operations & Maintenance Sanitation Middeldrift	2 930 840				2 930 840	953 445				953 445	10 039				10 039	963 484				963 484	1 967 355
55916 Operations & Maintenance Sanitation Peddie	1 796 476 341				1 796 476 341	639 284 022				639 284 022	1 305 989				1 305 989	640 590 011				640 590 011	1 155 886 330
55914 Operations & Maintenance Sanitation Adelaide	5 937 964				5 937 964	1 264 455				1 264 455						1 264 455				1 264 455	4 673 509
55603 Operations & Maintenance Water Dwonga	29 799 520				29 799 520	4 672 494				4 672 494						4 672 494				4 672 494	25 127 026
55638 Operations & Maintenance Water Mbhashe North Regio	853 258 283				853 258 283	142 169 108				142 169 108	1 445				1 445	142 170 553				142 170 553	711 087 730
55621 Operations & Maintenance Water Fort Beaufort	28 381 567				28 381 567	15 246 310				15 246 310						15 246 310				15 246 310	13 135 257
Total	5 609 665 554				5 609 665 554	921 099 677	105 545 305		(13 014 131)	1 015 337 570	2 066 533	30 838 596			32 905 129	923 166 210	136 383 901		(13 584 311)	1 038 185 788	4 596 597 987

Amathole District Municipality
Annual Financial Statements for the period ended 30 June 2024
Appendix D

2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus R
			RATES AND GENERAL SERVICES			
	76 934 970	(76 934 970)	**Strategic Manager**	341	63 806 922	(63 806 581)
3 263 871,22	188 012 794	(184 748 923)	**Corporate Services**	2 624 316,89	135 825 240	(133 200 923)
45 909 132,68	144 867 227	(98 958 095)	**Budget and Treasury**	24 268 058,79	123 676 849	(99 408 790)
651 321 023,21	251 959 065	399 361 958	**Engineering Services**	201 670 238,50	197 037 264	4 632 975
8 092 206	113 569 923	(105 477 717)	**Community services**	7 988 456	97 152 854	(89 164 398)
1 023 045 000	59 016 420	964 028 580	**Water and Sanitation management**	959 327 000	52 247 319	907 079 682
534 426 789	733 720 445	(199 293 657)	**Water Services**	407 159 391	601 677 943	(194 518 551)
167 002 007	285 411 750	(118 409 743)	**Sanitation Services**	155 406 732	265 057 402	(109 650 670)
4 480 794	48 743 945	(44 263 151)	**Land Human Settlement & Economic Development**	4 659 967	43 343 921	(38 683 953)
396 050	87 341 771	(86 945 721)	**Municipal Management**	590 790	74 898 432	(74 307 641)
		-				-
2 437 936 874	**1 989 578 312**	**448 358 562**	**Surplus/(Deficit) for the year**	**1 763 695 292**	**1 654 724 144**	**108 971 149**

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2024

APPENDIX F

DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA

as at 30 June 2024

CONDITIONAL GRANTS AND RECEIPTS	Transferring Department	GL Account	Opening Balance	QUARTERLY RECEIPTS					QUARTERLY EXPENDITURE					GRANTS & SUBSIDIES DELAYED/WITHHELD				Reason for delays/ withheld	Compliance with DORA	Reason for non compliance
				Sept 23	Dec 23	March 24	June 24	Total Receipts	Sept 23	Dec 23	March 24	June 24	Total Expenditure	Sept 23	Dec 23	March 24	June 24			
			R	R	R	R	R	R	R	R	R	R	R							
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	NT/COGTA	1210000110	0	(1 250 000)				(1 250 000)	335 043	376 980	183 704	354 273	1 250 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT/DPW	1210000109			(3 905 000)			(3 905 000)	337 518	1 168 580	1 547 216	851 686	3 905 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	1210000105	(1 890 287)				-							N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT	DWS	1210000106	(449 612)	(18 270 000)	(18 270 000)	(30 860 000)		(67 400 000)	9 371 158	16 271 653	6 481 374	35 168 362	67 292 548	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT : DROUGHT	DWS	1210000107												N/A	N/A	N/A	N/A	N/A	Yes	N/A
REGIONAL BULK INFRASTRUCTURE GRANT	DWS (RBIG)	1210000095	(2 620 933)	(22 846 297)	(21 072 892)	(895 746)	(17 876 121)	(62 691 055)	7 512 711	39 260 458	1 458 105	23 955 822	72 187 096	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	1210000099	(4)	(2 181 000)	(935 000)	(429 000)		(3 545 000)	136 179	1 224 047	684 760	1 500 012	3 544 998	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	1210000080	(240 296 659)	(135 790 000)	(245 461 000)	(101 164 000)		(482 415 000)	55 300 340	240 226 027	89 052 268	94 862 969	479 441 604	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER RELIEF GRANT	NT	1210000166/167												N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	DWS	1210000161	(460 000)											N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE NGQABANE	DWS	1210000162	36 271											N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	DWS	1210000163	(142 865)											N/A	N/A	N/A	N/A	N/A	Yes	N/A
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	ACIP	1210000084	(650 289)											N/A	N/A	N/A	N/A	N/A	Yes	N/A
LG SETA Grants	LG SETA	1210000108 & 1210000120	(194 711)	(304 440)	(690 349)	(266 928)	(311 558)	(1 573 275)	406 756	224 338	406 546	110 032	1 147 671	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT : COVID -19	NT	1210000180														N/A	N/A	N/A	Yes	N/A
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	1210000084	(193 316)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLANNING GRANT DLA	DHLG&TA	1210000114	(1 456 032)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MNQUMA WAR ON LEAKS	DWS	1210000084	296 703											N/A	N/A	N/A	N/A	N/A	N/A	N/A
SHIXINI WATER SUPPLY	DWS	1210000084	(6 487)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
WATER SERVICE SUPPORT	WATER SERVICE SUPPORT	1210000084	(562 068)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
COMMUNAL WATER STATIONS (DST/ CSIR)	DWS	1210000084	(309 585)										-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	1210000084	(330 000)									-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VICTORIA POST	DHLG&TA	1210000114	(152 250)										-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TEKO SPRINGS/NDLOVINI	DHLG&TA	1210000114	(68 161)									-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEEDS CAMP	DHLG&TA	1210000114	(33 714)							-		-		N/A	N/A	N/A	N/A	N/A	N/A	N/A
HOGSBACK	DHLG&TA	1210000114	(130 884)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
HAGA HAGA	DHLG&TA	1210000114	(41 923)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
WILLOWVALE	DHLG&TA	1210000114	(171 954)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
ELLIOTDALE	DHLG&TA	1210000114	(9 274)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NDEVANA	DHLG&TA	1210000114	(34 766)		-									N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSOBOMVU	DHLG&TA	1210000114	(57 530)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
HERTZOG	DHLG&TA	1210000114	(84 070)		-									N/A	N/A	N/A	N/A	N/A	N/A	N/A
GREAT KEI PLANNING FUNDS	DHLG&TA	1210000114	(4 029)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MNQUMA PLANNING FUNDS	DHLG&TA	1210000114	(110 000)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NGQUSHWA PLANNING FUNDS	DHLG&TA	1210000114	(46 667)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NKONKOBE PLANNING FUNDS	DHLG&TA	1210000114	(53 063)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MNQUMA SURVEY	DHLG&TA	1210000114	(25 000)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
SURVEY INTEREST & CONTRIBUTION	DHLG&TA	1210000114	(61 680)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NGQUSHWA SURVEY FUNDS	DHLG&TA	1210000114	(177 510)									-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NKONKOBE SURVEY	DHLG&TA	1210000114	(116 200)							-				N/A	N/A	N/A	N/A	N/A	N/A	N/A
LEWIS SURVEY	DHLG&TA	1210000114	(141 125)			-		-	-					N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE ENGINEERING DESIGN	DHLG&TA	1210000117	(1 348)		-	-								N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONGWE ENGINEERING DESIGN	DHLG&TA	1210000117	(9 499)			-								N/A	N/A	N/A	N/A	N/A	N/A	N/A
KUBUSIE ESTABLISHMENT GRANT	DHLG&TA	1210000117	(698)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NDLOVINI ESTABLISHMENT GRANT	DHLG&TA	1210000117	(8 986)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DUCATS ESTABLISHMENT GRANT	DHLG&TA	1210000117	(70 542)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
MACLEANTOWN ESTABLISHMENT GRANT	DHLG&TA	1210000117	(16 849)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE ESTABLISHMENT GRANT	DHLG&TA	1210000117	(51 233)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONGWE ESTABLISHMENT GRANT	DHLG&TA	1210000117	(76 675)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
TEKO SPRING ESTAB GRANT	DHLG&TA	1210000117	(35 082)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEEDS CAMP ESTABLISHMENT GRANT	DHLG&TA	1210000117	(66 222)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
TEKO SPRING TOP STRUCTURE	DHLG&TA	1210000117	(106 438)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
PRUDOE TOP STRUCTURE	DHLG&TA	1210000117	(447 353)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DONGWE TOP STRUCTURE	DHLG&TA	1210000117	(1 347 309)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEEDSCAMP TOP STRUCTURE	DHLG&TA	1210000117	(3 838)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
DUCATS TOP STRUCTURE SUBSIDY	DHLG&TA	1210000117	(23 234)								-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
KUBUSI TOP STRUCTURE	DHLG&TA	1210000117	(3 816)						-		-	-		N/A	N/A	N/A	N/A	N/A	N/A	N/A
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	DHLG&TA	1210000117	(2 643)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
KAYSERS BEACH HOUSING PROJECT	DHLG&TA	1210000117	(18 881)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
LILLYVALE ENG DESIGNS	DHLG&TA	1210000117	(5 940)			-	-							N/A	N/A	N/A	N/A	N/A	N/A	N/A
RESTITUTION AWARD (DLA)	DHLG&TA	1210000114	(3 697 062)	-										N/A	N/A	N/A	N/A	N/A	N/A	N/A
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	DHLG&TA	1210000114	(3 215)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
ENVIROMENTAL IMPACT ASSESMENT	DHLG&TA	1210000114	(739 235)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
GEO HYDROLOGY	DHLG&TA	1210000114	(1 394 200)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
BAWA FALLS LED	DEDEA	1210000119	(102 936)											N/A	N/A	N/A	N/A	N/A	N/A	N/A
ELLIOTDALE BRICK MAKING	DEDEA	1210000119	(232 803)											N/A	N/A	N/A	N/A	N/A	N/A	N/A

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2024

APPENDIX F

DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA

as at 30 June 2024

CONDITIONAL GRANTS AND RECEIPTS	Transferring Department	GL Account	Opening Balance	QUARTERLY RECEIPTS				Total Receipts	QUARTERLY EXPENDITURE				Total Expenditure	GRANTS & SUBSIDIES DELAYED/WITHHELD				Reason for delays/ withheld	Compliance with DORA	Reason for non compliance
				Sept 23	Dec 23	March 24	June 24		Sept 23	Dec 23	March 24	June 24		Sept 23	Dec 23	March 24	June 24			
			R	R	R	R	R	R	R	R	R	R	R							
EC INFORMATION INITIATIVE SUPPORT	DEDEA	1210000119	(5 755)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ECDOT: BUTTERWORTH INTERCHANGE	ECDOT	1210000076	(1 506 964)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ROOF TOP RAIN WATER HARVESTING	DWS	1210000084	(3 900)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NGQUSI RAIN WATER HARVESTING	DWS	1210000084	(5 700)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SILWINDLALA WOMEN'S PROJECT	DEDEA	1210000119	(2 303)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BALFOUR SAWMILS	DEDEA	1210000119	(8 019)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HIGHLANDS RESORTS	DEDEA	1210000119	(75 836)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PEDDIE BRICKS MAKING	DEDEA	1210000119	(1 495)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
INKUTHALO HYDROPONICS	DEDEA	1210000119	(1 524)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CAPACITY BUILDING FOR LM's	DHLG&TA	1210000072	(5 128)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LED CAPACITY BUILDING - NGQUSHWA	DHLG&TA	1210000114	(350 000)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CHATHA DEVELOPMENT	DHLG&TA	1210000114	(2 413 456)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FINGOLAND REGIONAL AUTHORITY	DPLG	1210000116	(101 278)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DWESA - CWEBE RESTITUTIONAL	DHLG&TA	1210000114	(5 308 303)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CO-OPERATIVES SPECIALIST	DEDEA	1210000114	(22 280)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOURISM SURVEY	DEDEA	1210000114	(12 130)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NXUBA DAM CHALETS DEVELOPMENT	DHLG&TA	1210000114	(6 264)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLOUGHING CONTACTORS-WARD 10	COMMUNITY	1210000118	(1 155)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLOUGHING CONTRACTOR-NGXAKAXA	COMMUNITY	1210000118	(1 642)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLOUGHING CONTRACTOR - Ward 15	COMMUNITY	1210000118	(1 513)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VUNA AWARDS	Other	1210000122	(9 289)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PUBLIC AWARENESS	Other	1210000121	(365)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	Other	1210000114	(18 338)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	DWS	1210000114	(3 378 284)	-	-	-		-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL GRANT PROVIDERS			(272 456 633)	(180 641 736)	(290 334 240)	(133 615 674)	(18 187 679)	(622 779 330)	73 399 704	298 752 083	99 813 973	156 803 157	628 768 917							

Amathole District Municipality

Annual Financial Statements for the year ended 30 June 2024

Annexure 1

CONDITIONAL GRANTS AND RECEIPTS	Funder/ Transferring Department	Unspent GL Account on TB	AP Fund Number	Balance at 01/07/2023	Contributions received during the year	Other income	Roll overs returned / Approved Re-Shuffle	Expenditure during the year	Balance at 30/06/2024
				R	R	R	R	R	R
NATIONAL GOVERNMENT GRANTS									
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) (BUDGET REFORM	NT/COGTA	1210000110	1604100007		(1 250 000)			1 250 000	-
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT/DPW	1210000109	1604100008		(3 905 000)	-		3 905 000	-
WATER SERVICES INFRASTRUCTURE GRANT	DWS	1210000106	1604100011	(449 612)	(67 400 000)	-	449 612	67 292 548	(107 452)
WATER SERVICES INFRASTRUCTURE GRANT : DROUGHT	DWS	1210000107	1604100041				-		-
REGIONAL BULK INFRASTRUCTURE GRANT	DWS (RBIG)	1210000095	1604100010	(2 620 933)	(62 691 055.09)	(6 875 109)		72 187 096.35	
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	1210000099	1604100012	(4)	(3 545 000)	-		3 544 998	(6)
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	1210000080	1604100014	(240 296 659)	(482 415 000)	-	240 296 659	479 441 604	(2 973 396)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	DWS	1210000161	1604100041	(460 000)	-	-	-		(460 000)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	DWS	1210000162	1604100041	36 271	-		-		36 271
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	DWS	1210000163	1604100041	(142 865)	-		-		(142 865)
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	1210000105	1604100041	(1 890 287)		-	-		(1 890 287)
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	DWS	1210000084	1604100041	(650 289)	-	-			(650 289)
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	1210000084	1604100041	(193 316)		-	-		(193 316)
MNQUMA WAR ON LEAKS	DWS	1210000084	1604100041	296 703	-	-			296 703
SHIXINI WATER SUPPLY	DWS	1210000084	1604100041	(6 487)		-			(6 487)
WATER SERVICE SUPPORT	DWS	1210000084	1604100041	(562 068)		-			(562 068)
COMMUNAL WATER STATIONS (DST/ CSIR)	DWS	1210000084	1604100041	(309 585)		-			(309 585)
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	1210000084	1604100041	(330 000)		-			(330 000)
TOTAL NATIONAL GOVERNMENT GRANTS				**(247 579 129)**	**(621 206 055)**	**(6 875 109)**	**240 746 271**	**627 621 246**	**(7 292 775)**
PROVINCIAL GOVERNMENT GRANTS									
PLANNING GRANT DLA	DHLG&TA	1210000114	1210000114	(1 456 032)	-	-			(1 456 032)
VICTORIA POST	DHLG&TA	1210000114	1210000114	(152 250)		-	113 685		(38 565)
TEKO SPRINGS/NDLOVINI	DHLG&TA	1210000114	1210000114	(68 161)		-	2 083		(66 078)
NEEDS CAMP	DHLG&TA	1210000114	1210000114	(33 714)			33 714		-
HOGSBACK	DHLG&TA	1210000114	1210000114	(130 884)	-		125 684		(5 200)
HAGA HAGA	DHLG&TA	1210000114	1210000114	(41 923)			41 923		-
WILLOWVALE	DHLG&TA	1210000114	1210000114	(171 954)	-		105 499		(66 456)
ELLIOTDALE	DHLG&TA	1210000114	1210000114	(9 274)	-		(20 541)		(29 815)
NDEVANA	DHLG&TA	1210000114	1210000114	(34 766)	-		34 766		-
MSOBOMVU	DHLG&TA	1210000114	1210000114	(57 530)			36 216		(21 314)
HERTZOG	DHLG&TA	1210000114	1210000114	(84 070)			19 420		(64 650)
GREAT KEI PLANNING FUNDS	DHLG&TA	1210000114	1210000114	(4 029)			(3 021)		(7 050)
MNQUMA PLANNING FUNDS	DHLG&TA	1210000114	1210000114	(110 000)			110 000		
NGQUSHWA PLANNING FUNDS	DHLG&TA	1210000114	1210000114	(46 667)			46 667		
NKONKOBE PLANNING FUNDS	DHLG&TA	1210000114	1210000114	(53 063)			53 063		
MNQUMA SURVEY	DHLG&TA	1210000114	1210000114	(25 000)			25 000		
SURVEY INTEREST & CONTRIBUTION	DHLG&TA	1210000114	1210000114	(61 680)			41 680		(20 000)
NGQUSHWA SURVEY FUNDS	DHLG&TA	1210000114	1210000114	(177 510)	-		149 467		(28 043)
NKONKOBE SURVEY	DHLG&TA	1210000114	1210000114	(116 200)			15 657		(100 543)
LEWIS SURVEY	DHLG&TA	1210000114	1210000114	(141 125)	-		44 793		(96 333)
DIPHINI SURVEY GKM LM		1210000096	1210000096				(3 800)		(3 800)
SETTLEMENTS CONVEYANCING		1210000096	1210000096				(65 110)		(65 110)
SETTLEMENTS PEGGING & SURVEYS		1210000096	1210000096				(70 122)		(70 122)
MGWALI & CENYU T/SHIP REGISTER OPENING, AMAHLATHI LM		1210000096	1210000096				(50 000)		(50 000)
SDF PROJECTS		1210000096	1210000096				(10 000)		(10 000)
TACHEY SURVEYS, AMAHLATHI SETTLEMENT		1210000096	1210000096				(160 000)		(160 000)
CATHCART SMALL TOWN REGENERATION STRATEGY		1210000096	1210000096				(320 000)	16 630	(303 370)
SITE RELOCATION FOR KOMGA ZONE 10		1210000096	1210000096				(230 000)		(230 000)
GP REGISTRATION KEI ROAD NORTHERN NODE SETTLEMENT		1210000096	1210000096				(50 000)		(50 000)
LAND SETTLEMENTS TRANSFERS		1210000096	1210000096				(108 000)		(108 000)
SETTLEMENTS RISK AND FRAUD PLAN		1210000096	1210000096				(10 000)		(10 000)
PRUDOE ENGINEERING DESIGN	DHLG&TA (PHP)	1210000117	1210000117	(1 348)	-				(1 348)
DONGWE ENGINEERING DESIGN	DHLG&TA (PHP)	1210000117	1210000117	(9 499)	-				(9 499)
KUBUSIE ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(698)	-				(698)
NDLOVINI ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(8 986)	-				(8 986)
DUCATS ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(70 542)					(70 542)
MACLEANTOWN ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(16 849)					(16 849)
PRUDOE ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(51 233)					(51 233)
DONGWE ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(76 675)	-				(76 675)
TEKO SPRING ESTAB GRANT	DHLG&TA (PHP)	1210000117	1210000117	(35 082)					(35 082)
NEEDS CAMP ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(66 222)	-				(66 222)
TEKO SPRING TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(106 438)	-				(106 438)
PRUDOE TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(447 353)	-				(447 353)
DONGWE TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(1 347 309)					(1 347 309)
NEEDSCAMP TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(3 838)					(3 838)
DUCATS TOP STRUCTURE SUBSIDY	DHLG&TA (PHP)	1210000117	1210000117	(23 234)					(23 234)
KUBUSI TOP STRUCTURE	DHLG&TA (PHP)	1210000117	1210000117	(3 816)					(3 816)
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	DHLG&TA (PHP)	1210000117	1210000117	(2 643)					(2 643)
KAYSERS BEACH HOUSING PROJECT	DHLG&TA (PHP)	1210000117	1210000117	(18 881)					(18 881)
LILLYVALE ENG DESIGNS	DHLG&TA (PHP)	1210000117	1210000117	(5 940)					(5 940)
RESTITUTION AWARD (DLA)	DHLG&TA	1210000114	1210000114	(2 097 062)					(2 097 062)
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	DEDEA	1210000114	1210000114	(3 215)					(3 215)
ENVIROMENTAL IMPACT ASSESMENT	DEDEA	1210000114	1210000114	(739 235)					(739 235)
GEO HYDROLOGY	DEDEA	1210000114	1210000114	(1 394 200)					(1 394 200)
BAWA FALLS LED	DEDEA	1210000119	1210000119	(102 936)					(102 936)
ELLIOTDALE BRICK MAKING	DEDEA	1210000119	1210000119	(232 803)					(232 803)
EC INFORMATION INITIATIVE SUPPORT	DEDEA	1210000119	1210000119	(5 755)					(5 755)
ECDOT: BUTTERWORTH INTERCHANGE	ECDOT	1210000076	1210000076	(1 506 964)					(1 506 964)
ROOF TOP RAIN WATER HARVESTING	DWS	1210000084	1210000084	(3 900)					(3 900)
NGQUSI RAIN WATER HARVESTING	DWS	1210000084	1210000084	(5 700)					(5 700)
SILWINDLALA WOMEN'S PROJECT	DEDEA	1210000119	1210000119	(2 303)					(2 303)
BALFOUR SAWMILS	DEDEA	1210000119	1210000119	(8 019)		-			(8 019)
HIGHLANDS RESORTS	DEDEA	1210000119	1210000119	(75 836)		-			(75 836)
PEDDIE BRICKS MAKING	DEDEA	1210000119	1210000119	(1 495)		-			(1 495)
INKUTHALO HYDROPONICS	DEDEA	1210000119	1210000119	(1 524)		-			(1 524)
CAPACITY BUILDING FOR LM's	DHLG&TA	1210000072	1210000072	(5 128)		-			(5 128)
LED CAPACITY BUILDING - NGQUSHWA	DEDEA	1210000114	1210000114	(350 000)		-			(350 000)
CHATHA DEVELOPMENT	DEDEA	1210000114	1210000114	(2 413 456)		-			(2 413 456)
FINGOLAND REGIONAL AUTHORITY	DPLG	1210000116	1210000116	(101 278)		-	101 278		
DWESA - CWEBE RESTITUTIONAL	DHLG&TA	1210000114	1210000114	(5 308 303)		-			(5 308 303)
CO-OPERATIVES SPECIALIST	DEDEA	1210000114	1210000114	(22 280)		-			(22 280)
TOURISM SURVEY	DEDEA	1210000114	1210000114	(12 130)		-			(12 130)
NXUBA DAM CHALETS DEVELOPMENT	DEDEA	1210000114	1210000114	(6 264)		-			(6 264)
VUNA AWARDS	Other	1210000122	1210000122	(9 289)					(9 289)
PUBLIC AWARENESS	Other	1210000121	1210000121	(365)					(365)
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	DEDEA	1210000114	1210000114	(18 338)					(18 338)
HUMAN SETTLEMENTS DROUGHT RELIEF KA KATI	DWS	1210000114	1210000114	(3 378 284)					(3 378 284)
PROVINCIAL GOVERNMENT GRANTS				**(23 078 483)**	**-**	**-**	**-0**	**16 630**	**(23 061 853)**
OTHER GRANT PROVIDERS									
LG SETA Grants	LG SETA	1210000120	1604100019	(194 711)	(1 573 275)	-		1 147 671	(620 315)
PLOUGHING CONTACTORS-WARD 10	COMMUNITY	1210000118	1210000118	(1 155)		-			(1 155)
PLOUGHING CONTRACTOR-NGXAKAXA	COMMUNITY	1210000118	1210000118	(1 642)					(1 642)
PLOUGHING CONTRACTOR - Ward 15	COMMUNITY	1210000118	1210000118	(1 513)					(1 513)
TOTAL OTHER GRANT PROVIDERS				**(199 022)**	**(1 573 275)**	**-**	**-**	**1 147 671**	**(624 626)**
TOTAL GRANTS				**(270 856 633)**	**(622 779 330)**	**(6 875 109)**	**240 746 270**	**628 785 547**	**(30 979 254)**

Amathole District Municipality
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Annexure 2
Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipality - 2023											
Financial Performance											
Service charges	560 834 163	8 000 121	568 834 284	-	-	568 834 284	562 672 259		(6 162 025)	99%	100%
Interest on investment revenue	17 400 789	7 220 235	24 621 024	-	-	24 621 024	45 054 658		20 433 634	183%	259%
Donations received	-	-	-	-	-	-	-		-	0%	0%
Transfers recognised - operational	1 223 984 490	5 520 256	1 229 504 746	-	-	1 229 504 746	1 117 503 176		(112 001 570)	91%	91%
Other own revenue	58 760 287	-	58 760 287	-	-	58 760 287	111 531 245		52 770 958	190%	190%
Total revenue (excluding capital transfers and contributions)	**1 860 979 729**	**20 740 612**	**1 881 720 341**	-	-	**1 881 720 341**	**1 836 761 339**		**(44 959 003)**	**98%**	**99%**
Employee costs	(778 347 996)	12 382 207	(759 965 789)	-	14 317 263	(745 648 526)	(736 157 490)	-	(1 481 806 016)	99%	95%
Remuneration of councillors	(14 291 740)	(1 020 140)	(15 311 880)	-	(2 322 536)	(17 634 416)	(17 579 711)	-	(35 214 128)	100%	123%
Debt impairment	(383 798 837)	(18 723 259)	(402 522 096)	-	-	(402 522 096)	(450 174 007)	-	(852 696 103)	112%	117%
Depreciation and asset impairment	(105 441 571)	24 000 000	(81 441 571)	-	78 737	(81 362 834)	(159 626 535)	-	(240 989 369)	196%	151%
Finance charges	(107 768)	(4 935 880)	(5 043 648)	-	(1 620 346)	(6 663 994)	(51 082 291)	-	(57 746 285)	767%	47400%
Inventory consumed	(198 339 113)	(68 193 127)	(266 532 240)	-	15 891 000	(250 641 240)	(164 611 626)	-	(415 252 866)	66%	83%
Other expenditure	(338 728 519)	(57 278 995)	(396 007 514)	-	(26 418 582)	(422 426 096)	(435 233 403)	-	(857 659 500)	103%	128%
Total expenditure	**(1 819 055 544)**	**(107 769 194)**	**(1 926 824 738)**	-	**(74 465)**	**(1 926 899 203)**	**(2 014 465 064)**	-	**(3 941 364 267)**	**105%**	**111%**
Surplus/ (Deficit)	**3 680 035 273**	**128 509 806**	**3 808 545 079**	-	**(74 465)**	**3 808 619 544**	**(177 703 726)**	-	**(3 986 323 270)**	**-5%**	**-5%**
Transfers recognised - capital	571 188 510	(72 757 044)	498 431 466	-	-	498 431 466	601 175 535	-	102 744 068	121%	105%
Surplus / (Deficit) after capital transfers and contributions	**4 251 223 783**	**55 752 763**	**4 306 976 546**	-	**(74 465)**	**4 307 051 011**	**423 471 809**	-	**(3 883 579 202)**	**10%**	**10%**
Capital expenditure and funds sources											
Total capital expenditure	612 520 264	(159 193 481)	453 326 783	-	-	453 326 783	443 572 104	-	(9 754 679)	98%	72%
Source of capital funds											
Transfers recognised - capital	571 668 514	(152 724 475)	418 944 039	-	-	418 944 039	601 175 535	-	182 231 496	143%	105%
Internally generated funds	40 851 750	(6 469 006)	34 382 744	-	-	-	-	-	-	#DIV/0!	0%
Total sources of capital funds	**612 520 264**	**(159 193 481)**	**453 326 783**	-	-	**418 944 039**	**601 175 535**	-	**182 231 496**	**143%**	**98%**

Amathole District Municipality
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Annexure 2

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipality											
Cash flows											
Net cash from operating (used)	718 201 840	(200 685 741)	517 516 099			517 516 099	409 259 706		(108 256 393)	79%	57%
Net cash from investing (used)	(612 520 264)	159 193 487	(453 326 777)			(453 326 777)	(575 656 292)		-122 329 515	127%	94%
Net cash from financing (used)	-	-				-	54 276		54 276	#DIV/0!	#DIV/0!
Net increase / (decrease) in cash and cash equivalents	**105 681 576**	**(41 492 254)**	**64 189 322**	-		**64 189 322**	**(166 342 311)**		**(230 531 633)**	**-259%**	**-157%**
Cash and cash equivalents at the beginning of the year	219 516 665	-	219 516 665			219 516 665	386 259 826		386 259 826	176%	176%
Cash and cash equivalents at the end of the year	**325 198 241**	**(41 492 254)**	**283 705 987**	-		**283 705 987**	**219 917 515**		**155 728 193**	**78%**	**68%**

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2023/2024											2022/2023			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
Governance and administration	389 892	8 988	398 881	–	–	398 881	49 584	–	349 297	0	0	–	–	–	27 483
Executive and council	24 270	0	24 270			24 270	446	–	23 825	2%	2%	–	–	–	599
Finance and administration	365 622	8 988	374 610			374 610	49 138	–	325 472	13%	13%	–	–	–	26 884
Internal audit			–			–	–	–	–	0%	0%	–	–	–	–
Community and public safety	154 731	1 621	156 352	–	–	156 352	8 094	–	148 258	0	0	–	–	–	7 988
Community and social services		–	–			–	–	–	–	0%	0%	–	–	–	–
Sport and recreation			–			–		–	–	0%	0%	–	–	–	–
Public safety	9 109	–	9 109			9 109	8 005	–	1 104	88%	88%	–	–	–	7 957
Housing	30 338	1 621	31 959			31 959	17	–	31 942	0%	0%	–	–	–	–
Health	115 284	(0)	115 284			115 284	72	–	115 212	0%	0%	–	–	–	31
Economic and environmental services	76 984	[illegible]	70 101	–	–	70 101	26 946	–	43 001	0		–	–	–	8 107
Planning and development	73 868	(7 312)	66 556			66 556	23 555	–	43 001	35%	32%	–	–	–	4 963
Road transport	3 116	429	3 545			3 545	3 390	–	155	96%	109%	–	–	–	3 144
Trading services	1 810 561	(55 743)	1 754 818	–	–	1 754 818	2 353 313	–	[illegible]	0	0	–	–	–	1 720 116
Water	1 432 727	(55 743)	1 376 984		–	1 376 984	2 186 030	–	(809 046)	159%	153%	–	–	–	1 564 507
Waste water management	377 833	–	377 833			377 833	167 002	–	210 831	44%	44%	–	–	–	155 407
Waste management			–			–	281	–	(281)	100%	100%	–	–	–	203
Total Revenue - Standard	2 432 168	(52 017)	2 380 152	–	–	2 380 152	2 437 937	–	(115 725)	0	0	–	–	–	1 763 695
			2 380 152												
Expenditure - Standard															
Governance and administration	440 066	[illegible]	435 747	–	2 064	437 811	472 665	(35 210)	(34 855)	0	0	(12 022)	(12 022)	–	367 050
Executive and council	87 299	1 033	88 331		14 064	102 395	124 172	(21 777)	(21 777)	121%	142%	(7 362)	(7 362)	–	105 684
Finance and administration	340 962	(5 337)	335 625		(11 004)	324 621	338 054	(13 433)	(13 433)	104%	99%	–	–	–	248 222
Internal audit	11 805	(15)	11 790		(996)	10 794	10 439	–	355	97%	88%	(4 660)	(4 660)	–	13 144
Community and public safety	129 051	(90)	128 961	–	(69)	128 892	115 312	–	13 580	0	0	–	–	–	98 660
Community and social services	8 895	(39)	8 856	–	(637)	8 219	7 613	–	605	93%	86%	–	–	–	7 000
Sport and recreation	–		–			–		–	–	0%	0%	–	–	–	–
Public safety	75 271	(2 169)	73 102		1 435	74 537	68 995	–	5 542	93%	92%	–	–	–	59 254
Housing	1 687	1 619	3 305		61	3 367	1 742	–	1 624	52%	103%	–	–	–	1 507
Health	43 198	500	43 698		(928)	42 770	36 961	–	5 809	86%	86%	–	–	–	30 899
Economic and environmental services	119 394	(6 251)	113 143	–	(2 761)	110 381	100 009	–	10 372	0	0	–	–	–	99 915
Planning and development	115 570	(6 622)	108 948		(2 745)	106 203	95 834	–	10 370	90%	83%	–	–	–	96 176
Road transport	3 824	372	4 195		(17)	4 178	4 176	–	3	100%	109%	–	–	–	3 739
Trading services	1 130 545	118 429	1 248 974	–	841	1 249 815	1 345 128	–	(95 314)	0	0	–	–	–	1 089 100
Water	924 013	105 775	1 029 787		(66 720)	963 067	1 058 578	–	(95 511)	110%	115%	–	–	–	820 117
Waste water management	204 143	12 657	216 801		[illegible]	283 830	283 003	–	826	100%	139%	–	–	–	262 844
Waste management	2 389	(3)	2 386		532	2 918	3 547	–	(629)	122%	148%	–	–	–	6 139
Total Expenditure - Standard	1 819 056	107 769	1 926 825	–	74	1 926 899	2 033 115	(35 210)	(106 216)	0	0	(12 022)	(12 022)	–	1 654 724
Surplus/(Deficit) for the year	613 113	[illegible]	453 327		(74)	453 253	404 822	35 210	(9 509)	[illegible]	[illegible]	12 022	12 022		108 971

404 821 869,40

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2023/24											2022/2023			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue by Vote															
Vote 1 - STRATEGIC MANAGEMENT 52	42 439	–	42 439	–	–	42 439		–	42 439	0%	0%	–	–	–	8
Vote 2 - CORPORATE SERVICES 53	126 232	1 768	128 000	–	–	128 000	3 264	–	124 736	3%	100%	–	–	–	0
Vote 3 - BTO 54	239 390	7 220	246 610	–	–	246 610	45 909	–	200 701	19%	19%	–	–	–	2 616
Vote 4 - ENGINEERING 55	1 839 526	(61 512)	1 778 014	–	–	1 778 014	2 375 795	–	(597 781)	134%	129%	–	–	–	24 268
Vote 5 - COMMUNITY SERVICES 56	124 393	–	124 393	–	–	124 393	8 092	–	116 301	7%	7%	–	–	–	1 723 563
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 57	35 917	507	36 424	–	–	36 424	4 481	–	31 943	12%	12%	–	–	–	7 988
Vote 7 - MUNICIPAL MANAGEMENT 58	24 270	–	24 270	–	–	24 270	396	–	23 874	2%	2%	–	–	–	4 660
Total Revenue by Vote	**2 432 168**	**(52 017)**	**2 380 152**	**–**	**–**	**2 380 152**	**2 437 937**	**–**	**(57 785)**			**–**	**–**	**–**	**1 763 [illegible]**
Expenditure by Vote to be appropriated															
Vote 1 - STRATEGIC MANAGEMENT 52	98 702	(14 175)	84 528			84 528	76 935	0	7 593	91%	78%	–	–	–	63 807
Vote 2 - CORPORATE SERVICES 53	174 660	5 399	180 059			180 059	188 013	(7 954)	(7 954)	104%	108%	–	–	–	135 825
Vote 3 - BTO 54	151 712	(2 180)	149 533			149 533	144 867	–	4 666	97%	100%	–	–	–	123 677
Vote 4 - ENGINEERING 55	1 166 651	112 691	1 279 342		204	1 279 546	1 373 644	(94 098)	(94 098)	107%	118%	(94 098)	(94 098)	–	1 116 020
Vote 5 - COMMUNITY SERVICES 56	127 365	(1 709)	125 656		(130)	125 526	113 570	–	11 956	90%	89%	–	–	–	97 153
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 57	49 671	866	50 537			50 537	48 744	–	1 793	96%	98%	–	–	–	43 344
Vote 7 - MUNICIPAL MANAGEMENT 58	50 293	6 878	57 170			57 170	87 342	(30 171)	(30 171)	153%	174%	–	(30 171)	–	74 898
Total Expenditure by Vote	**1 819 056**	**107 769**	**1 926 825**	**–**	**74**	**1 926 899**	**2 033 115**	**(132 223)**	**(106 216)**			**(94 098)**	**(124 270)**	**–**	**1 654 724**
Surplus/(Deficit) for the year	**613 113**	**(159 786)**	**453 327**	**–**	**(74)**	**453 252**	**404 822**	**132 223**	**48 430**			**94 098**	**124 270**	**–**	**108 971**

Amathole District Municipality
Annual Financial Statements for the year ended 30 June 2024
Annexure 3

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure): Municipality

Description	2023/2024										2022/2023
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	14	15
Revenue By Source											
Service charges - water revenue	418 118	8 000	426 118	–	–	426 118	347 507			–	360 664
Service charges - sanitation revenue	133 608	0	133 608	–	–	133 608	206 880			–	121 871
Service charges - other	9 109	–	9 109	–	–	9 109	8 285			–	7 917
Rental of facilities and equipment	330	0	330	–	–	330	302			–	289
Interest earned - external investments	17 401	7 220	24 621	–	–	24 621	45 055			–	24 834
Interest earned - outstanding debtors	58 431	12 331	58 431	–	–	58 431	109 780			–	49 955
Fines		–	–	–	–	–	–			–	–
Transfers recognised - operational	1 223 984	5 520	1 229 505	–		1 229 505	1 117 503			–	998 208
Grants and subsidies			–	–	–	–	–			–	–
Other revenue			–	–	–	–	1 449			–	1 431
Gains on disposal of PPE			–	–	–	–			–	–	–
Total Revenue (excluding capital transfers and contributions)	**1 860 980**	**33 071**	**1 881 720**	**–**	**–**	**1 881 720**	**1 836 761**	**–**	**–**	**–**	**1 565 169**
Expenditure By Type											
Employee related costs	778 348	(18 382)	759 966	–	(14 317)	745 649	736 157	–		–	646 808
Remuneration of councillors	14 292	1 020	15 312	–	2 323	17 634	17 580	(55)		–	14 367
Debt impairment	383 799	18 723	402 522	–		402 522	450 174	47 652		–	432 854
Depreciation & asset impairment	105 442	(24 000)	81 442	–	(79)	81 363	159 627	–		–	103 430
Finance charges	108	4 936	5 044	–	1 620	6 664	51 082	44 418		–	43 746
Inventory consumed	198 339	68 193	266 532		(15 891)	250 641	164 612	(86 030)		–	141 333
Contracted services	112 910	68 299	181 209	–	34 335	215 544	111 740	–		–	77 724
Transfers and grants	10 000	1 848	11 848	–	412	12 260	12 263	–		–	10 761
Other expenditure	215 818	(12 868)	202 951	–	(8 929)	194 022	311 231	117 209		–	212 312
Loss on disposal of PPE		–	–	–	600	600	18 650	–	(18 050)	–	155
Total Expenditure	**1 819 056**	**107 769**	**1 926 825**	**–**	**74**	**1 926 899**	**2 033 115**	**123 195**	**(18 050)**	**–**	**1 683 490**
						(74)					
Surplus/(Deficit)	**41 924**	**(74 698)**	**(45 104)**	**–**	**(74)**	**(45 179)**	**(196 354)**	**(123 195)**	**18 050**	**–**	**(118 321)**
Transfers recognised - capital	571 189	(72 757)	498 431		–	498 431	601 176	–	(102 744)		198 526
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–			–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**613 113**	**(147 455)**	**453 327**	**–**	**–**	**453 253**	**404 822**	**–**	**(102 744)**	**–**	**80 205**
Taxation	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	**613 113**	**(147 455)**	**453 327**	**–**	**–**	**453 253**	**404 822**	**–**	**(102 744)**	**–**	**80 205**
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	**613 113**	**(147 455)**	**453 327**	**–**	**–**	**453 253**	**404 822**	**–**	**(102 744)**	**–**	**80 205**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	**613 113**	**(147 455)**	**453 327**	**–**	**–**	**453 253**	**404 822**	**–**	**(102 744)**	**–**	**80 205**

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Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding: Municipality

Vote Description	2023/2024											2022/2023			
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 1 - STRATEGIC MANAGEMENT 52	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - CORPORATE SERVICES 53	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - BTO 54	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - ENGINEERING 55	571 189	(153 069)	418 119	-	(315)	417 804	376 664	-	41 137	50%	66%	-	-	-	183 573
Vote 5 - COMMUNITY SERVICES 56	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 57	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 7 - MUNICIPAL MANAGEMENT 58	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital multi-year expenditure sub-total	571 189	(153 069)	418 119	-	(315)	417 804	376 668	-	41 137			-	-	-	183 573
Single-year expenditure															
Vote 1 - STRATEGIC MANAGEMENT 52	14 300	2 000	16 300	-	-	16 300	2 269	14 031	14 031	14%	16%	-	-	-	1 462
Vote 2 - CORPORATE SERVICES 53	8 252	(7 582)	670	-	-	670	464	-	206	69%	6%	-	-	-	-
Vote 3 - BTO 54	300	241	541	-	-	541	465	-	76	0%	0%	-	-	-	523
Vote 4 - ENGINEERING 55	10 380	(754)	9 626	-	110	9 737	8 881	-	856	91%	86%	-	-	-	3 318
Vote 5 - COMMUNITY SERVICES 56	7 600	(140)	7 460	-	130	7 590	7 186	-	405	95%	95%	-	-	-	31
Vote 6 - LAND HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT 57	300	110	410	-	-	410	342	-	68	83%	114%	-	-	-	-
Vote 7 - MUNICIPAL MANAGEMENT 58	200	-	200	-	-	200	166	-	34	83%	83%	-	-	-	-
Capital single-year expenditure sub-total	41 332	(6 124)	35 208	-	240	35 448	19 772	14 031	15 676	#DIV/0!	#DIV/0!	-	-	-	5 332
Total Capital Expenditure - Vote	612 520	(159 193)	453 327	-	(74)	453 252	396 439	14 031	56 813	#DIV/0!	#DIV/0!	-	-	-	188 906
Capital Expenditure - Standard															
Governance and administration	22 752	(5 341)	17 411	-	-	17 411	-	-	17 411	-	-	-	-	-	310
Executive and council	300	-	300	-	-	300	-	-	300	0%	0%	-	-	-	-
Finance and administration	22 452	(5 341)	17 111	-	-	17 111	-	-	17 111	0%	0%	-	-	-	310
Internal audit	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Community and public safety	7 900	(140)	7 760	-	-	7 760	-	-	7 760			-	-	-	464
Community and social services	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Public safety	7 300	(140)	7 160	-	-	7 160	-	-	7 160	0%	0%	-	-	-	464
Housing	300	-	300	-	-	300	-	-	300	0%	0%	-	-	-	-
Health	300	-	300	-	-	300	-	-	300	0%	0%	-	-	-	-
Economic and environmental services	480	110	590	-	-	590	-	590	590	-	-	-	-	-	23 149
Planning and development	480	110	590	-	-	590	-	590	590	0%	0%	-	-	-	23 149
Road transport	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Trading services	581 389	(153 823)	427 565	-	-	427 565	-	-	427 565	-	-	-	-	-	232 107
Water	581 139	(153 823)	427 315	-	-	427 315	-	-	427 315	0%	0%	-	-	-	232 107
Waste water management	250	(m)	250	-	-	250	-	-	250	0%	0%	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Total Capital Expenditure - Standard	612 520	(159 193)	453 327	-	-	453 327	-	590	453 327	-	-	-	-	-	256 031
Funded by:															
National Government	571 669	(152 724)	418 944	-	-	418 944	377 335	-	41 609	90%	66%	-	-	-	184 189
Provincial Government	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Transfers recognised - capital	571 669	(152 724)	418 944	-	-	418 944	377 335	-	41 609						184 189
Public contributions & donations	-	-	-	-	-	-	-	-	-						
Borrowing	-	-	-	-	-	-	-	-	-						
Internally generated funds	40 852	(6 469)	34 383	-	-	34 383	19 104	-	15 279	56%	47%	-	-	-	8 041
Total Capital Funding	612 520	(159 193)	453 327	-	-	453 327	396 439	-	56 887	0	0	-	-	-	192 230

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Reconciliation of Table A7 Budgeted Cash Flows

Description	2023/2024								2022/2023
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	1	2	3	6	7	9	10	11	12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts	**2 060 718**	**(88 288)**	**1 972 430**	**1 972 430**	**1 801 973**	**170 456**	**0**	**0**	**1 510 618**
Ratepayers and other	224 772	(25 350)	199 422	199 422	324 266	(124 845)	163%	144%	79 080
Government - operating	1 102 280	127 225	1 229 505	1 229 505	1 471 367	(241 862)	120%	133%	1 348 314
Government - capital	692 893	(194 462)	498 431	498 431	–	498 431	0%	0%	–
Interest	40 773	4 299	45 072	45 072	1 059	44 013	100%	100%	1 775
VAT received	–	–	–	–	5 281	(5 281)	100%	100%	81 448
Payments	**(1 342 516)**	**(112 398)**	**(1 454 914)**	**(1 454 914)**	**1 392 714**	**(1 088 892)**	**0**	**0**	**1 162 573**
Suppliers and employees	(1 332 408)	(105 614)	(1 438 022)	(1 438 022)	1 377 737	(1 058 065)	-96%	-103%	1 150 020
Finance charges	(108)	(4 936)	(5 044)	(5 044)	2 713	(6 716)	100%	100%	1 792
Other	(10 000)	(1 848)	(11 848)	(11 848)	12 263	(24 111)	100%	100%	10 761
NET CASH FROM/(USED) OPERATING ACTIVITIES	**718 202**	**(200 686)**	**517 516**	**517 516**	**409 260**	**(918 436)**	**0**	**0**	**348 045**
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts	**–**	**–**	**–**	**–**	**755**	**(2 007)**	**0**	**0**	**(871)**
Proceeds on disposal of PPE	–	–	–	–	2 085	(2 085)	100%	100%	241
Increase in investment property	–	–	–	–	–	–	100%	100%	–
Decrease (increase) in current investments	–	–			(626)	–	100%	100%	–
Decrease (increase) other non-current receivables	–	–			(704)	704	100%	100%	(815)
Decrease (increase) in financial assets	–	–	–	–	–	(626)	100%	100%	(297)
Payments	**(612 520)**	**159 193**	**(453 327)**	**(453 327)**	**(576 412)**	**123 085**	**0**	**0**	**(178 616)**
Capital assets	(612 520)	159 193	(453 327)	(453 327)	(576 412)	123 085	127%	94%	(178 616)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(612 520)**	**159 193**	**(453 327)**	**(453 327)**	**(575 656)**	**121 077**	**0**	**0**	**(179 487)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts	**–**	**–**	**–**	**–**	**54**	**(54)**			**(973)**
Reserves	–	–	–	–	–	–	0%	0%	–
Finance lease payments	–	–	–	–	–	–	0%	0%	–
Increase (decrease) in consumer deposits	–	–	–	–	54	(54)	100%	100%	(973)
Payments	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**0**	**–**
Repayment of borrowing	–	–	–	–		–	100%	100%	
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**–**	**–**	**–**	**54**	**(54)**			**(973)**
NET INCREASE/ (DECREASE) IN CASH HELD	**105 682**	**(41 492)**	**64 189**	**64 189**	**(166 342)**	**(797 412)**	**0**	**0**	**167 585**
Cash/cash equivalents at the year begin:	219 517		219 517	219 517	386 260	(166 743)	176%	176%	218 675
Cash/cash equivalents at the year end:	325 198	(41 492)	283 706	283 706	219 918	63 788	78%	68%	386 260