



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

Chris Hani District Municipality
Consolidated Annual Financial Statements
for the year ended June 30, 2023

General Information

Legal form of entity

District Municipality
DC 13

Nature of business and principal activities

Chris Hani District Municipality is a South African Category C Municipal (District Municipality) as defined by the Municipal Structure Act. (Act no 117 of 1998). The nature of business of the Municipality is a provision of service (water and sanitation) to communities in a sustainable manner, to promote social and economic development and to promote a safe and healthy environment.

The Municipality's operations are governed by:

- Municipal Finance Management Act 56 of 2003.
- Municipal Structure Act 117 of 1998.
- Municipal Systems Act 32 of 2000 and various other acts and regulations.
- Division of Revenue Act .
- Supply Chain Management Regulations 2005
- The Constitution of South Africa.
- Water Services Act 108 of 1997

Mayoral committee

Executive Mayor

Cllr: W. Gela from 30/11/2021
Cllr: N. September-Caba: Deputy Executive Mayor from 30/11/2021
Cllr: J. Cengani: Speaker from 30/11/2021
Cllr: Nobantu Macingwane: Chief Whip from 30/11/2021
Cllr. S. Nxosi: Portfolio Head - Budget & Treasury Office from 30/11/2021 until 21 February 2023
Cllr. L. Sizani: Portfolio Head - Budget & Treasury Office from 01 June 2023
Cllr: S. Lali: Portfolio Head - Health & Community Services from 30/11/2021
Cllr: S. Mbotshane: Portfolio Head - Integrated Planning & Economic Development from 30/11/2021 until 30 April 2023
Cllr. N.F. Papiyana: Portfolio Head - Intergrated Planning & Economic Development from 23 May 2023
Cllr. T. Bobo: Portfolio Head - Special Programmes Unit from 30/11/2021
Cllr: T. Bikwana: Portfolio Head - Corporate Services from 30/11/2021
Cllr B. Nobuntu: Portfolio Head - Infrastructure Department from 30/11/2021

Councillors

Cllr: M. Desha
Cllr: P. Makaphela
Cllr: A. Alousius
Cllr: A. Ngonyama
Cllr: L. Clark
Cllr: M. Yamile
Cllr. S. Limba
Cllr: M. Mangcotywa
Cllr: M.P. Oyiya
Cllr: U. Galada
Cllr: N.T. Mgqamqho
Cllr: N. Biko
Cllr: N. Cetman
Cllr: Z.N.E. Ralane
Cllr: N. Sitofile
Cllr: N.S. Mdumata
Cllr: N. Nomfombo

General Information

	Cllr: F.M. Mthandeki Cllr: S. Mkhunqe Cllr: R. Venske Cllr: S.H. Nobongoza Cllr: S. Maratana Cllr: S. Mthimkhulu Cllr: S. Mendela Cllr: N. Ndlebe Cllr: U.S. Mzandisi Cllr: V. Filana Cllr: X. Kani Cllr: Z. Simawo Cllr: S. Nxози Cllr: B. Simina Cllr: N. Mnqanqeni
Grading of local authority	Grade 5
Accounting Officer	Mr. G. Mashiyi
Chief Finance Officer (CFO)	Mr. C. Mapeyi
Registered office	15 Bells Road Queenstown 5320
Bankers	First National Bank Limited
Auditors	Auditor General South Africa Registered Auditors
Attorneys	McWilliams & Elliott Incorporated Clark Laing Inc

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The reports and statements set out below comprise the Chris Hani District Municipality presented to the provincial legislature:

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
ME's	Member of the Executive Council
MEC	Member of executive council
MIG	Municipal infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

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

The Consolidated 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 Consolidated Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

As the Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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 consolidated chris hani district municipality. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

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

The consolidated chris hani district municipality are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although I am primarily responsible for the financial affairs of the Municipality, they are supported by municipality's internal auditors. I would like to bring to your attention the following material matters to your attention; i certify that the salaries, allowances and benefite of councillors as disclosed in note 31&32 to these consolidated 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 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 auditors being the Auditor General of South Africa is responsible for independently reviewing and reporting on municipality's consolidated chris hani district municipality. 5.

The Consolidated Annual Financial Statements set out on page 5 to 112, which have been prepared on the going concern basis, were approved by the Accounting Officer on September 30, 2023 and were signed on its behalf by:

Accounting Officer
Mr G. Mashiya

Statement of Financial Position as at June 30, 2023

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022	2023	2022
Assets					
Current Assets					
Inventories	13	13,638,893	19,721,037	13,638,893	19,721,037
Receivables from exchange transactions		9,844,293	8,361,276	-	-
Receivables from non-exchange transactions	14	78,044,103	58,370,019	78,044,103	58,370,019
Prepayments	12	1,736,371	2,875	1,707,796	-
Receivables from exchange transactions	15	428,698,419	371,204,525	428,698,419	371,204,525
Cash and cash equivalents	16	119,511,400	179,602,925	105,677,729	179,299,853
		651,473,479	637,262,657	627,766,940	628,595,434
Non-Current Assets					
Investment property	2	1,244,658	1,314,658	-	-
Property, plant and equipment	3	5,464,440,856	4,964,346,008	5,445,906,059	4,941,305,861
Intangible assets	4	3,571,801	122,487	3,554,159	118,510
Heritage assets	6	962,961	962,961	962,961	962,961
Investments in controlled entities	5	-	-	1,500,000	1,500,000
		5,470,220,276	4,966,746,114	5,451,923,179	4,943,887,332
Total Assets		6,121,693,755	5,604,008,771	6,079,690,119	5,572,482,766
Liabilities					
Current Liabilities					
Operating lease liability	7	178,532	-	178,532	-
Payables from exchange transactions	8	349,287,822	310,960,750	347,125,024	301,430,353
VAT payable	9	70,628,884	13,322,346	60,296,695	12,315,193
Consumer deposits	10	904,417	772,165	904,417	772,165
Employee benefit obligation	11	5,388,000	4,994,000	5,388,000	4,994,000
Unspent conditional grants and receipts	19	33,512,358	23,527,019	32,502,714	15,883,897
Provisions	20	84,718,104	84,718,104	81,475,475	81,475,475
		544,618,117	438,294,384	527,870,857	416,871,083
Non-Current Liabilities					
Employee benefit obligation	11	77,660,000	71,852,000	77,660,000	71,852,000
Total Liabilities		622,278,117	510,146,384	605,530,857	488,723,083
Net Assets		5,499,415,638	5,093,862,387	5,474,159,262	5,083,759,683
Accumulated surplus	18	5,499,415,638	5,093,862,381	5,474,159,262	5,083,759,683
Total Net Assets		5,499,415,638	5,093,862,381	5,474,159,262	5,083,759,683

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022	2023	2022
Revenue					
Revenue from exchange transactions					
Service charges	22	425,660,540	385,929,104	425,660,540	385,929,104
Project Income	23	1,168,687	7,920	-	-
Mechanisation Centre Income		773,006	1,794,701	-	-
Tender Fees		1,800	-	-	-
Other income	26	2,611,927	1,287,209	473,345	867,450
Interest received - investment	27	179,820,130	94,814,562	179,650,977	94,778,972
Total revenue from exchange transactions		610,036,090	483,833,496	605,784,862	481,575,526
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	29	1,502,542,738	1,308,020,166	1,502,542,738	1,308,020,166
Total revenue	21	2,112,578,828	1,791,853,662	2,108,327,600	1,789,595,692
Expenditure					
Employee related costs	30	(410,315,582)	(405,857,954)	(394,559,702)	(385,487,615)
Remuneration of councillors	31	(12,541,962)	(12,426,220)	(12,541,962)	(12,426,220)
Depreciation and amortisation	32	(161,435,939)	(159,535,337)	(156,733,437)	(154,795,604)
Finance costs	34	(503,854)	(4,003,991)	(491,909)	(2,842,204)
Lease rental on operating lease	24	(162,047)	-	-	-
Debt Impairment	35	(405,017,000)	350,090,631	(405,017,000)	350,090,631
Bad debts written off		(86,657,478)	-	(86,657,478)	-
Inventory consumed - water	37	(127,839,324)	(115,687,007)	(127,839,324)	(115,687,007)
Contracted services	38	(235,599,018)	(220,640,812)	(220,818,477)	(205,108,344)
Transfers and Subsidies	28	(29,375,320)	(47,145,161)	(65,447,271)	(80,286,881)
General Expenses	36	(122,567,201)	(122,126,550)	(112,868,713)	(114,316,249)
Total expenditure		(1,592,014,725)	(737,332,401)	(1,582,975,273)	(720,859,493)
Impairment loss / reversal of impairments		(32,110,258)	(100,556,328)	(32,110,258)	(100,556,328)
Loss on disposal of assets and liabilities		(4,399,978)	(559,029)	(4,399,978)	(559,029)
Actuarial losses		8,484,000	15,116,155	8,484,000	15,116,155
Surplus for the year		492,537,867	968,522,059	497,326,091	982,736,997

Statement of Changes in Net Assets

	Share capital / contributed capital	Accumulated surplus / deficit	Total net assets
Figures in Rand			
Economic entity			
Balance at July 1, 2021	1,000	4,169,934,291	4,169,935,291
Changes in net assets			
Surplus for the year	-	968,522,059	968,522,059
Total changes	-	968,522,059	968,522,059
Opening balance as previously reported	-	5,138,456,350	5,138,456,350
Adjustments			
Prior year adjustments	-	(44,593,963)	(44,593,963)
Balance at July 1, 2022 as restated*	-	5,093,862,387	5,093,862,387
Changes in net assets			
Surplus for the year	-	492,537,867	492,537,867
Correction of prior period error	-	(86,984,616)	(86,984,616)
Total changes	-	405,553,251	405,553,251
Balance at June 30, 2023	-	5,499,415,638	5,499,415,638
Note(s)	17		
Controlling entity			
Balance at July 1, 2021	-	4,137,136,534	4,137,136,534
Changes in net assets			
Other 3	-	(36,113,848)	(36,113,848)
Net income (losses) recognised directly in net assets	-	(36,113,848)	(36,113,848)
Surplus for the year	-	982,736,997	982,736,997
Total recognised income and expenses for the year	-	946,623,149	946,623,149
Total changes	-	946,623,149	946,623,149
Balance at July 1, 2022	-	5,083,759,683	5,083,759,683
Changes in net assets			
Prior year adjustments	-	(106,926,512)	(106,926,512)
Net income (losses) recognised directly in net assets	-	(106,926,512)	(106,926,512)
Surplus for the year	-	497,326,091	497,326,091
Total recognised income and expenses for the year	-	390,399,579	390,399,579
Total changes	-	390,399,579	390,399,579
Balance at June 30, 2023	-	5,474,159,262	5,474,159,262
Note(s)	17		

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022	2023	2022
Cash flows from operating activities					
Receipts					
Sale of goods and services		26,749,028	760,793,893	24,059,803	766,928,898
Grants		1,520,171,199	1,274,272,721	1,519,161,555	1,274,272,721
Interest income		17,072,996	10,629,711	16,903,843	10,594,121
		1,563,993,223	2,045,696,325	1,560,125,201	2,051,795,740
Payments					
Employee costs		(405,825,897)	(402,219,683)	(390,070,054)	(381,778,768)
Suppliers		(379,036,032)	(430,445,827)	(356,236,489)	(415,209,143)
Finance costs		(503,854)	(4,003,991)	(491,909)	(2,842,204)
Transfers and subsidies		(29,375,320)	(47,145,161)	(65,447,271)	(80,286,881)
		(814,741,103)	(883,814,662)	(812,245,723)	(880,116,996)
Net cash flows from operating activities	39	749,252,120	1,161,881,663	747,879,478	1,171,678,744
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(808,196,987)	(1,153,299,713)	(820,373,965)	(1,162,952,287)
Proceeds from sale of property, plant and equipment	3	3,169,114	315,745	3,169,114	315,745
Purchase of intangible assets	4	(4,315,772)	(1)	(4,296,751)	-
Purchase of heritage assets	6	-	(962,961)	-	(962,961)
Net cash flows from investing activities		(809,343,645)	(1,153,946,930)	(821,501,602)	(1,163,599,503)
Net increase/(decrease) in cash and cash equivalents		(60,091,525)	7,934,733	(73,622,124)	8,079,241
Cash and cash equivalents at the beginning of the year		179,602,925	171,668,192	179,299,853	171,220,612
Cash and cash equivalents at the end of the year	16	119,511,400	179,602,925	105,677,729	179,299,853

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	387,219,000	20,000,000	407,219,000	425,660,540	18,441,540	55
Project Income	15,000,000	2,383,891	17,383,891	8,140,210	(9,243,681)	55
Mechanisation centre own income	2,500,000	(1,500,000)	1,000,000	773,006	(226,994)	55
Tender fees	10,000	(5,000)	5,000	1,800	(3,200)	55
Other income - CHDM	262,119,883	-	262,119,883	473,345	(261,646,538)	55
Other income - CHDA	1,500,000	(144,800)	1,355,200	11,613,000	10,257,800	55
Interest received - investment (CHDM)	94,619,000	40,457,000	135,076,000	179,820,130	44,744,130	55
Gains on disposal of assets	3,120,000	-	3,120,000	-	(3,120,000)	55
Total revenue from exchange transactions	766,087,883	61,191,091	827,278,974	626,482,031	(200,796,943)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1,297,403,000	249,844,349	1,547,247,349	1,526,455,781	(20,791,568)	55
Total revenue	2,063,490,883	311,035,440	2,374,526,323	2,152,937,812	(221,588,511)	
Expenditure						
Employee related costs	(418,004,919)	11,508,000	(406,496,919)	(410,315,582)	(3,818,663)	55
Remuneration of councillors	(12,715,000)	-	(12,715,000)	(12,541,962)	173,038	55
Depreciation and amortisation	(181,500,000)	411,000	(181,089,000)	161,434,881	342,523,881	55
Impairment loss/ Reversal of impairments	-	-	-	(32,110,258)	(32,110,258)	55
Bulk purchases	(27,700,000)	621,000	(27,079,000)	-	27,079,000	55
Finance costs	(530,000)	153,000	(377,000)	(503,854)	(126,854)	55
Lease rentals on operating lease - CHDA	(165,000)	-	(165,000)	(162,047)	2,953	55
Debt Impairment	(227,391,000)	10,000,000	(217,391,000)	(405,017,000)	(187,626,000)	55
Bad debts written off	-	-	-	(86,657,478)	(86,657,478)	55
Inventory - water consumed	(15,484,000)	(7,719,000)	(23,203,000)	(127,839,324)	(104,636,324)	55
Contracted Services	(241,544,000)	(5,846,000)	(247,390,000)	(220,818,477)	26,571,523	55
Transfers and Subsidies	(70,500,000)	17,054,000	(53,446,000)	(29,375,320)	24,070,680	55
Project costs - internal programs	-	-	-	(6,640,331)	(6,640,331)	55
Project costs - external programs	(15,000,000)	(2,383,891)	(17,383,891)	(8,140,210)	9,243,681	55
General Expenses	(151,002,000)	(12,704,717)	(163,706,717)	(122,567,201)	41,139,516	55
Total expenditure	(1,361,535,919)	11,093,392	(1,350,442,527)	(1,301,254,163)	49,188,364	
Operating surplus	701,954,964	322,128,832	1,024,083,796	851,683,649	(172,400,147)	
Loss on disposal of assets and liabilities	-	-	-	(4,399,978)	(4,399,978)	55
Actuarial gains/losses	-	-	-	8,484,000	8,484,000	55
	-	-	-	4,084,022	4,084,022	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Surplus before taxation	701,954,964	322,128,832	1,024,083,796	855,767,671	(168,316,125)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	701,954,964	322,128,832	1,024,083,796	855,767,671	(168,316,125)	
Reconciliation						

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Controlling entity

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	387,219,000	20,000,000	407,219,000	425,660,540	18,441,540	55
Other income	262,119,883	-	262,119,883	473,345	(261,646,538)	55
Interest received - investment	94,519,000	40,407,000	134,926,000	179,650,977	44,724,977	55
Gains on disposal of assets	3,120,000	-	3,120,000	-	(3,120,000)	55
Total revenue from exchange transactions	746,977,883	60,407,000	807,384,883	605,784,862	(201,600,021)	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	1,269,903,000	249,844,349	1,519,747,349	1,502,542,738	(17,204,611)	55
Total revenue	2,016,880,883	310,251,349	2,327,132,232	2,108,327,600	(218,804,632)	

Expenditure

Employee related costs	(400,535,000)	10,046,000	(390,489,000)	(394,559,702)	(4,070,702)	55
Remuneration of councillors	(12,715,000)	-	(12,715,000)	(12,541,962)	173,038	55
Depreciation and amortisation	(180,000,000)	-	(180,000,000)	(156,733,437)	23,266,563	55
Impairment loss/ Reversal of impairments	-	-	-	(32,110,258)	(32,110,258)	55
Bulk purchases	(27,700,000)	621,000	(27,079,000)	-	27,079,000	55
Finance costs	(530,000)	153,000	(377,000)	(491,909)	(114,909)	55
Debt Impairment	(227,391,000)	10,000,000	(217,391,000)	(405,017,000)	(187,626,000)	55
Bad debts written off	-	-	-	(86,657,478)	(86,657,478)	55
Inventory - water consumed	(15,484,000)	(7,719,000)	(23,203,000)	(127,839,324)	(104,636,324)	55
Contracted Services	(241,544,000)	(5,846,000)	(247,390,000)	(220,818,477)	26,571,523	55
Transfers and Subsidies	(70,500,000)	17,054,000	(53,446,000)	(65,447,271)	(12,001,271)	55
General Expenses	(142,776,000)	(12,386,000)	(155,162,000)	(112,868,713)	42,293,287	55
Total expenditure	(1,319,175,000)	11,923,000	(1,307,252,000)	(1,615,085,531)	(307,833,531)	
Operating surplus	697,705,883	322,174,349	1,019,880,232	493,242,069	(526,638,163)	
Loss on disposal of assets and liabilities	-	-	-	(4,399,978)	(4,399,978)	
Actuarial gains/losses	-	-	-	8,484,000	8,484,000	
	-	-	-	4,084,022	4,084,022	

Surplus before taxation 697,705,883 322,174,349 1,019,880,232 497,326,091 (522,554,141)

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement 697,705,883 322,174,349 1,019,880,232 497,326,091 (522,554,141)

Reconciliation

Accounting Policies

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022	2023	2022

1. Significant account policies

The principal accounting policies applied in the preparation of these chris hani district municipality are set out below.

1.1 Presentation currency

These consolidated chris hani district municipality are presented in South African Rand, which is the functional currency of the economic entity.

1.2 Going concern assumption

These consolidated chris hani district municipality have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

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

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

Accounting Policies

1.4 Interests in other entities

1.5 Transfer of functions between entities under common control

Definitions

An acquirer is the economic entity that obtains control of the acquiree or transferor.

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

Control is the power to govern the financial and operating policies of another economic entity so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an economic entity's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another economic entity.

A transferor is the economic entity that relinquishes control of a function.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an economic entity's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole economic entity. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which economic entity to the transaction or event is the transferor(s) and which economic entity is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which economic entity is the acquirer and which economic entity is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Accounting Policies

1.5 Transfer of functions between entities under common control (continued)

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

1.6 Investment property

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

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

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

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

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

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

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

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.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The economic entity separately discloses expenditure to repair and maintain investment property in the notes to the chris hani district municipality (see note).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the chris hani district municipality (see note).

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Accounting Policies

1.7 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Infinity
Buildings	Straight-line	5-100 years
Plant and machinery	Straight-line	2-17 years
Furniture and fixtures	Straight-line	3-18 years
Transport Asset	Straight-line	4-20 years
Office equipment	Straight-line	3-18 years
IT equipment	Straight-line	3-13 years
Roads paving	Straight-line	3-100 years
Security measures	Straight-line	7-25 years
Sewerage	Straight-line	7-100 years
Water infrastructure	Straight-line	5-100 years
Infrastructure-Sanitation	Straight-line	-
-Communication facilities	Straight-line	5-30 years
-Recreation of facilities	Straight-line	10-30 years
Emergency equipment	Straight-line	3-10 years
WIP-Sanitation	Straight-line	5-15 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

Accounting Policies

1.7 Property, plant and equipment (continued)

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

Derecognition

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

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

Assets which the economic entity 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.

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

Accounting Policies

1.8 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Licenses and franchises	Straight-line	2-5 years
Computer software, internally generated	Straight-line	2-5 years

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

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 arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Heritage assets

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

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an economic entity's operations that is shown as a single item for the purpose of disclosure in the consolidated chris hani district municipality.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an economic entity is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Accounting Policies

1.9 Heritage assets (continued)

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

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

Recognition

The economic entity 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 economic entity, 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.

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.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Separate financial statements

Consolidated financial statements are the financial statements of the economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the entity as a controlling entity, and its controlled entities, are presented as those of a single economic entity.

Accounting Policies

1.10 Separate financial statements (continued)

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's surplus or deficit includes its share of the investee's surplus or deficit and the investor's net assets includes its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, that has the purpose of investing funds solely for returns from capital appreciation, investment revenue, and which measures and evaluates the performance of substantially all of its investments on a fair value basis.

Separate financial statements are those presented by the entity, in which the entity could elect to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the GRAP Standard on Financial Instruments or using the equity method as described in the accounting policies on Investments in Associates and Joint Ventures.

In the entity's separate financial statements, investments in controlled entities, associates and joint ventures are carried at cost;

In the entity's separate financial statements, investments in controlled entities are carried at cost;

In the entity's separate financial statements, investments in associates are carried at cost;

In the entity's separate financial statements, investments in joint ventures are carried at cost.

Separate financial statements are prepared in accordance with all applicable accounting policies, except:

- Similar investments in controlled entities are accounted for at cost;
- Joint ventures are accounted for at cost;
- Associates are accounted for at cost.

The entity as a controlling entity, which is not itself an investment entity, measures its investment in a controlled investment entity in accordance with the above, in its separate financial statements.

When the entity as controlling entity ceases to be an investment entity, or becomes an investment entity, it accounts for the change from the date when the change in status occurred, as follows:

- When the entity ceases to be an investment entity, the entity accounts for an investment in a controlled entity in accordance with the above. The date of the change of status is the deemed acquisition date. The fair value of the controlled entity at the deemed acquisition date represents the transferred deemed consideration when accounting for the investment as above.
- When the entity becomes an investment entity, it accounts for an investment in a controlled entity at fair value. The difference between the previous carrying amount of the controlled entity and its fair value at the date of the change of status is recognised as a gain or loss in surplus or deficit. The cumulative amount of any gain or loss previously recognised directly in net assets in respect of those controlled entities is treated as if the investment entity had disposed of those controlled entities at the date of change in status.

When the entity elects to measure its investments in associates or joint ventures at fair value, it also accounts for those investments in the same way in its separate financial statements.

Where the entity as controlling entity is required to measure its investment in a controlled entity at fair value, it also accounts for that investment in the same way in its separate financial statements.

Dividends or similar distributions from a controlled entity, a joint venture or an associate are recognised in the separate financial statements of the entity when the entity's right to receive the dividend or similar distribution is established. The dividend or similar distribution is recognised in surplus or deficit unless the entity elects to use the equity method, in which case the dividend or similar distribution is recognised as a reduction from the carrying amount of the investment.

When a controlling entity reorganises the structure of its economic entity by establishing a new entity as its controlling entity in a manner that satisfies the following criteria:

- The new controlling entity obtains control of the original controlling entity either (a) by issuing equity instruments in exchange for existing equity instruments of the original controlling entity or (b) by some other mechanism which results in the new controlling entity having a controlling ownership interest in the original controlling entity;
- The assets and liabilities of the new economic entity and the original economic entity are the same immediately before and after the reorganisation; and

Accounting Policies

1.10 Separate financial statements (continued)

- The owners of the original controlling entity before the reorganisation have the same absolute and relative interests in the net assets of the original economic entity and the new economic entity immediately before and after the reorganisation;

and the new controlling entity accounts for its investment in the original controlling entity at cost in its separate financial statements, the new controlling entity measures cost at the carrying amount of its share of the net asset items shown in the separate financial statements of the original controlling entity at the date of the reorganisation

1.11 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

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

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

Accounting Policies

1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.11 Financial instruments (continued)

Classification

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

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

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

Class	Category
Long-term liabilities	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Unspen conditional grant	Financial liability measured at amortised cost

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

Class	Category
Residual interest1	Measured at fair value
Residual interest2	Measured at cost

Accounting Policies

1.11 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Reclassification

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

Accounting Policies

1.11 Financial instruments (continued)

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

Financial liabilities

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

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

Accounting Policies

1.11 Financial instruments (continued)

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

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

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

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

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

Policies relating to specific financial instruments

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. All trade and other receivables are assessed at least annually for possible impairment. Impairment adjustments are made through the use of an allowance account. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from reporting date and are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade and other 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.

Cash and Cash equivalents

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.

1.12 Leases

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

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

Operating leases - lessor

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

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

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

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

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

Accounting Policies

1.12 Leases (continued)

Operating leases - lessee

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

1.13 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

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

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

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

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

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

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

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

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

1.14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.15 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

Accounting Policies

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

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

Accounting Policies

1.16 Provisions and contingencies (continued)

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

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

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

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

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

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

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

1.17 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.

Accounting Policies

1.18 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

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

1.19 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.

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

2. Investment property

Economic entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,400,000	(155,342)	1,244,658	1,400,000	(85,342)	1,314,658

Reconciliation of investment property - Economic entity - 2023

	Opening balance	Depreciation	Total
Investment property	1,314,658	(70,000)	1,244,658

Reconciliation of investment property - Economic entity - 2022

	Opening balance	Depreciation	Total
Investment property	1,384,658	(70,000)	1,314,658

Notes to the Chris Hani District Municipality

Figures in Rand

3. Property, plant and equipment

Economic entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	32,913,229	-	32,913,229	32,913,229	-	32,913,229
Buildings	97,189,750	(20,094,472)	77,095,278	97,075,750	(17,129,701)	79,946,049
Plant and machinery	21,737,537	(12,618,504)	9,119,033	20,339,435	(10,468,146)	9,871,289
Furniture and fixtures	25,540,881	(19,082,944)	6,457,937	25,064,455	(17,104,961)	7,959,494
Motor vehicles	104,541,882	(48,366,007)	56,175,875	99,822,251	(32,567,691)	67,254,560
Office equipment	686,640	(685,429)	1,211	686,640	(676,234)	10,406
IT equipment	19,246,169	(9,755,578)	9,490,591	15,642,577	(8,100,936)	7,541,641
Infrastructure	4,881,702,114	(1,637,378,386)	3,244,323,728	4,713,195,551	(1,458,309,411)	3,254,886,140
Sanitation Infrastructure	476,927,140	(235,673,851)	241,253,289	476,927,140	(223,736,771)	253,190,369
Community assets	16,165,013	(288,631)	15,876,382	16,165,013	-	16,165,013
Roads Infrastructure	13,684,165	(4,215,051)	9,469,114	13,684,165	(3,784,637)	9,899,528
WIP - Buildings	8,276,046	-	8,276,046	8,276,046	-	8,276,046
WIP - Sanitation	230,969,067	-	230,969,067	205,773,988	-	205,773,988
WIP - Water	1,521,528,644	-	1,521,528,644	1,004,577,641	-	1,004,577,641
Farming Machinery	14,671,908	-	14,671,908	18,499,818	-	18,499,818
Total	7,465,780,185	(1,988,158,853)	5,477,621,332	6,748,643,699	(1,771,878,488)	4,976,765,211

Notes to the Chris Hani District Municipality

Figures in Rand

3. Property, plant and equipment (continued)

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	30,345,900	-	30,345,900	30,345,900	-	30,345,900
Buildings	85,445,341	(20,094,472)	65,350,869	85,331,341	(17,129,701)	68,201,640
Plant and machinery	21,737,537	(12,618,504)	9,119,033	20,339,435	(10,468,146)	9,871,289
Furniture and fixtures	24,421,695	(18,084,809)	6,336,886	23,958,519	(16,133,911)	7,824,608
Motor vehicles	103,510,371	(48,366,007)	55,144,364	98,790,740	(32,567,691)	66,223,049
IT equipment	17,668,315	(9,755,578)	7,912,737	14,171,586	(8,100,936)	6,070,650
Infrastructure	4,881,702,114	(1,637,378,386)	3,244,323,728	4,713,195,551	(1,458,309,411)	3,254,886,140
Sanitation Infrastructure	476,927,140	(235,673,851)	241,253,289	476,927,140	(223,736,771)	253,190,369
Community assets	16,165,013	(288,631)	15,876,382	16,165,013	-	16,165,013
Roads Infrastructure	13,684,165	(4,215,051)	9,469,114	13,684,165	(3,784,637)	9,899,528
WIP - Buildings	8,276,046	-	8,276,046	8,276,046	-	8,276,046
WIP - Sanitation	230,969,067	-	230,969,067	205,773,988	-	205,773,988
WIP - Water	1,521,528,644	-	1,521,528,644	1,004,577,641	-	1,004,577,641
Total	7,432,381,348	(1,986,475,289)	5,445,906,059	6,711,537,065	(1,770,231,204)	4,941,305,861

Notes to the Chris Hani District Municipality

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	32,913,229	-	-	-	-	-	-	32,913,229
Buildings	76,958,465	114,000	-	-	-	(3,551,991)	-	73,520,474
Plant and machinery	21,344,719	1,398,102	204,716	-	-	(5,773,553)	-	16,764,552
Furniture and fixtures	7,965,941	488,914	(2,376)	-	-	(2,082,307)	-	6,370,172
Motor vehicles	66,223,049	5,892,238	(7,341,431)	-	-	(8,457,614)	(1,171,879)	55,144,364
Office equipment	13,108	-	-	-	-	(9,195)	-	3,913
IT equipment	6,158,773	3,672,643	(20,570)	-	-	(1,782,963)	-	8,027,883
Infrastructure	3,254,886,140	2,529,645	-	156,712,751	-	(140,051,649)	(29,753,159)	3,244,323,728
Sanitation Infrastructure	253,190,369	-	-	-	-	(10,744,892)	(1,192,188)	241,253,289
Community Assets	16,165,013	-	-	-	-	(288,631)	-	15,876,382
Roads Infrastructure	9,899,528	-	-	-	-	(430,414)	-	9,469,114
WIP-building	8,276,046	-	-	-	-	-	-	8,276,046
WIP-sanitation	205,773,988	25,195,079	-	-	-	-	-	230,969,067
WIP-water	1,004,577,641	673,663,755	-	-	(156,712,752)	-	-	1,521,528,644
	4,964,346,009	712,954,376	(7,159,661)	156,712,751	(156,712,752)	(173,173,209)	(32,117,226)	5,464,440,857

Notes to the Chris Hani District Municipality

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2022

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	32,913,229	-	-	-	-	-	32,913,229
Buildings	80,425,344	-	-	-	(3,466,879)	-	79,946,049
Plant and machinery	27,264,505	648,385	(553,403)	-	(6,014,767)	-	21,344,720
Furniture and fixtures	10,274,235	55,281	-	-	(2,363,575)	-	7,965,941
Motor vehicles	70,191,750	5,401,834	(150,891)	-	(9,219,644)	-	66,223,049
Office equipment	27,246	-	-	-	(14,138)	-	13,108
IT equipment	4,234,218	3,854,710	(170,480)	-	(1,759,675)	-	6,158,773
Infrastructure	3,099,791,447	-	-	363,558,572	(130,463,669)	(78,000,210)	3,254,886,140
Sanitation Infrastructure	286,981,431	-	-	-	(11,234,944)	(22,556,118)	253,190,369
Community Asset	16,165,013	-	-	-	-	-	16,165,013
Roads Infrastructure	10,329,942	-	-	-	(430,414)	-	9,899,528
WIP-building	8,276,046	-	-	-	-	-	8,276,046
WIP-sanitation	203,287,948	32,111,677	-	(29,625,637)	-	-	205,773,988
WIP-water	815,392,834	548,613,781	-	(359,428,974)	-	-	1,004,577,641
	4,665,555,188	590,685,668	(874,774)	(25,496,039)	(164,967,705)	(100,556,328)	4,967,333,594

Notes to the Chris Hani District Municipality

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	30,345,900	-	-	-	-	-	-	30,345,900
Buildings	68,201,640	114,000	-	-	-	(2,964,771)	-	65,350,869
Plant and machinery	9,871,289	1,398,102	(204,716)	-	-	(1,945,642)	-	9,119,033
Furniture and fixtures	7,824,608	475,664	(2,376)	-	-	(1,961,010)	-	6,336,886
Motor vehicles	66,223,049	5,892,238	(7,341,430)	-	-	(8,457,614)	(1,171,879)	55,144,364
IT equipment	6,070,650	3,564,096	(20,570)	-	-	(1,701,439)	-	7,912,737
Infrastructure	3,254,886,140	2,529,645	-	156,712,751	-	(140,051,649)	(29,753,159)	3,244,323,728
Sanitation Infrastructure	253,190,369	-	-	-	-	(10,744,892)	(1,192,188)	241,253,289
Community Asset	16,165,013	-	-	-	-	(288,631)	-	15,876,382
Roads Infrastructure	9,899,528	-	-	-	-	(430,414)	-	9,469,114
WIP-building	8,276,046	-	-	-	-	-	-	8,276,046
WIP-sanitation	205,773,988	25,195,079	-	-	-	-	-	230,969,067
WIP-water	1,004,577,641	673,663,755	-	-	(156,712,752)	-	-	1,521,528,644
	4,941,305,861	712,832,579	(7,569,092)	156,712,751	(156,712,752)	(168,546,062)	(32,117,226)	5,445,906,059

Notes to the Chris Hani District Municipality

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	30,345,900	-	-	-	-	-	30,345,900
Buildings	71,081,299	-	-	-	(2,879,659)	-	68,201,640
Plant and machinery	11,963,164	648,385	(553,403)	-	(2,186,857)	-	9,871,289
Furniture and fixtures	9,996,623	55,281	-	-	(2,227,296)	-	7,824,608
Motor vehicles	70,191,750	5,401,834	(150,891)	-	(9,219,644)	-	66,223,049
IT equipment	4,045,560	3,854,710	(170,480)	-	(1,659,140)	-	6,070,650
Infrastructure	3,099,791,447	363,558,572	-	-	(130,463,669)	(78,000,210)	3,254,886,140
Sanitation Infrastructure	286,981,431	-	-	-	(11,234,944)	(22,556,118)	253,190,369
Community Asset	16,165,013	-	-	-	-	-	16,165,013
Roads Infrastructure	10,329,942	-	-	-	(430,414)	-	9,899,528
WIP-building	8,276,046	-	-	-	-	-	8,276,046
WIP-sanitation	203,287,948	32,111,677	-	(29,625,637)	-	-	205,773,988
WIP- water	815,392,834	548,613,781	-	(359,428,974)	-	-	1,004,577,641
	4,637,848,957	954,244,240	(874,774)	(389,054,611)	(160,301,623)	(100,556,328)	4,941,305,861

Pledged as security

Carrying value of assets pledged as security:

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

3. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

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

Repairs and Maintenance	60,078,074	43,049,392	59,899,560	42,961,210
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The following projects were identified to have taken longer than expected for their completion date. These assets have been disclosed as slow-moving assets under construction in the financial statements:

Contract Number	Project description	Expected Completion Date before Extension	Reasons	Amount per WIP Register 30 June 2022
07/2018-2019/MD(TN)	ENGCOBO NEW 2MI/ DAY WASTE WATER TREATMENT WORKS PHASE 1 AND OUTFALL SEWER	03/06/2021	The contractor fail to execute the project due to cashflow problems and inexperience personnel on site to implement the project. Notice of termination was issued to the contractor and the contractor after the notice submitted a proposal to remedy the situation. The proposal is not approved after a long process of requesting information from the contractor about the issue. The termination process is underway again.	22 251 493,27
08/2018/MD(TN)	CLUSTER 4 WATER SUPPLY BACKLOG ERADICATION : KWAMZOLA AND MATAFENI-B WATER SUPPLY	15/01/2021	Contractor failed to implement the project due to financial capacity. It also failed to submit on time the letter of intent to claim for extension of time due to Covid 19 delays (3 months claim was not approved). Contractor changed personnel and that affected the progress. A subcontractor was introduced to take over the works. Upon pressure testing it was discovered that the quality of work has been compromised and not to standard. Currently there is no work done on site. Notice of termination is served.	33 066 459,28
11/2019-2020/MS(BN)	GUBENXA AND MAXONGOSHOEK VILLAGES RURAL WATER SUPPLY SCHEME	31/03/2021	Contractor is terminated. Contractor failed to return to site.	15 310 455,39

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

3. Property, plant and equipment (continued)

27/2020-2021/LG(TN)	CLUSTER6 WATER BACKLOG: CONSTRUCTION OF A BULK LINK LINE FROM SITHOLENI WATER TREATMENT WORKS TO LOKSHINI COMMAND RESEVIOR	2021/04/23	Construction and commissioning of the project was completed in 2019 with final handing over done in September 2020. Project is affected by the electricity supply which was stopped by Mbabakazi Community	17 385 432,22
29/2016/MD(TN)	UPGRADE OF TSOMO WATER WASTE TREATMENT WORKS: CIVIL MECHANICAL AND INSTRUMENTATION WORK	30/05/2019	Project delayed due to Contractors poor performance and cashflow problems. Contractor has now finally organised resources to finish off. It is anticipated that construction would be finished in December 2022 and commissioning in February 2023	84 205 816,91
CHD007325	Cobosi Droughtrelief project.		The service providers were appointed and issued purchase orders. The projects were abandoned because of the disputes between the main contractor and its sub-contractor. No payments effected.	2 625 681,10
CHD007325	Nkomfeni Drought relief project		The service providers were appointed and issued purchase orders. The projects were abandoned because of the disputes between the main contractor and its sub-contractor. No payments effected.	2 309 335.80
51/2016/MD(BL)	Upgrading of the Water Reticulation at Polar Park Elliot Phase 4		Contracted terminated	
37/2010/md(AM)	Refurbishment & Upgrading of Water and Sewer Infrastructure in Ilinge		PSP was terminated not yet resolved	

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

3. Property, plant and equipment (continued)

51/2014/MD(BL)	Cala Bulk Sanitation	Contract terminated
	Services Upgrading of	
	Cala WWTW including	
	Bulk Pump Stations	
	and Associated Rising	
	Mains-Phase 1	
10/2018/MD(BN)	CHDM Water Supply	Contract terminated
	Backlog Cluster 4	
	Northern Scheme;	
	Primary Mains and	
	1.8ML Reservoir from	
	Sikungwini to Lady	
	Frere and Upper	
	Ndonga	
37/2016/MD(TN)	CHDM Water Supply	Project done by CHDA
	Backlog Cluster 2	
	Phase 3; Water	
	Supply to Tsakana,	
	Kwagcina,	
	Emanuneni, Guse,	
	Qungu, Kwadlomo,	
	Nyongwana, Khalana	
	and Dayimane	

Notes to the Chris Hani District Municipality

Figures in Rand

4. Intangible assets

Economic entity	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	12,141,366	(8,587,207)	3,554,159	7,844,616	(7,726,106)	118,510
Intangible assets 1	714,287	(723,890)	(9,603)	703,787	(718,618)	(14,831)
Total	12,855,653	(9,311,097)	3,544,556	8,548,403	(8,444,724)	103,679

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	12,141,366	(8,587,207)	3,554,159	7,844,616	(7,726,106)	118,510

Reconciliation of intangible assets - Economic entity - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	118,510	4,296,750	(861,101)	3,554,159
Intangible assets 1	3,976	19,022	(5,356)	17,642
	122,486	4,315,772	(866,457)	3,571,801

Notes to the Chris Hani District Municipality

Figures in Rand

4. Intangible assets (continued)

Reconciliation of intangible assets - Economic entity - 2022

	Opening balance	Amortisation	Total
Computer software, other	260,692	(142,182)	118,510
Intangible assets 1	7,627	(3,651)	3,976
	268,319	(145,833)	122,486

Reconciliation of intangible assets - Controlling entity - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	118,510	4,296,750	(861,101)	3,554,159

Reconciliation of intangible assets - Controlling entity - 2022

	Opening balance	Amortisation	Total
Computer software, other	260,692	(142,182)	118,510

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

5. Interests in other entities

Investments in controlled entities

Name Jurisdiction	Determinatio n of ownership interest	Economic Entity		Controlling Entity		Economic Entity		Controlling Entity	
		% ownershi p interest 2023	% ownershi p interest 2022	% ownershi p interest 2023	% ownershi p interest 2022	Carrying amount 2023	Carrying amount 2022	Carrying amount 2023	Carrying amount 2022
Chris Hani Development Agency	Chris Hani District Municipality	100.00 %	100.00 %	100.00 %	100.00 %	-	-	1,500,000	1,500,000
						-	-	1,500,000	1,500,000
						-	-	1,500,000	1,500,000

Notes to the Chris Hani District Municipality

Figures in Rand

6. Heritage assets

Economic entity	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Statue	962,961	-	962,961	962,961	-	962,961

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Statue	962,961	-	962,961	962,961	-	962,961

Reconciliation of heritage assets Economic entity - 2023

	Opening balance	Total
Statue	962,961	962,961

Reconciliation of heritage assets Economic entity - 2022

	Opening balance	Total
Statue	962,961	962,961

Reconciliation of heritage assets Controlling entity - 2023

	Opening balance	Total
Statue	962,961	962,961

Notes to the Chris Hani District Municipality

Figures in Rand

6. Heritage assets (continued)

Reconciliation of heritage assets Controlling entity - 2022

	Opening balance	Total
Statue	962,961	962,961

7. Operating lease asset (liability)

Current liabilities	(178,532)	-	(178,532)	-
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8. Payables from exchange transactions

Trade payables	154,105,535	163,750,114	152,675,661	157,310,220
Payments received in advanced	17,348,950	13,653,456	17,065,177	13,176,189
Retentions	115,870,966	75,689,175	115,847,046	72,746,224
Bonus provisions	9,674,897	10,933,799	9,674,897	10,933,799
Accrued leave pay	20,516,757	16,912,245	20,516,757	16,912,245
Deposits received	102,393	12,226	8,335	8,335
Other payables	31,337,151	30,343,341	31,337,151	30,343,341
Provision for 13th cheque	454	417	-	-
Other Project Payables	527,690	154,910	-	-
	349,484,793	311,449,683	347,125,024	301,430,353

9. VAT payable

VAT (Receivables) / Payables	70,626,805	13,322,346	60,296,695	12,315,193
VAT Control	-	-	(115,842,239)	(66,063,568)
Output VAT	-	-	764,279,691	705,535,699
Input VAT	-	-	(708,734,147)	(651,787,324)
	70,626,805	13,322,346	60,296,695	12,315,193

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

10. Consumer deposits

Water	904,417	772,165	904,417	772,165
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11. Employee benefit obligations

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	56,759,000	55,212,000	56,759,000	55,212,000
Present value of the defined benefit obligation-partly or wholly funded	26,289,000	21,634,000	26,289,000	21,634,000
	83,048,000	76,846,000	83,048,000	76,846,000
Non-current liabilities	(78,054,000)	(71,852,000)	(78,054,000)	(71,852,000)
Current liabilities	(5,388,000)	(4,994,000)	(5,388,000)	(4,994,000)
	(83,442,000)	(76,846,000)	(83,442,000)	(76,846,000)

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

Opening balance	49,817,283	60,606,717	49,817,283	60,606,717
Net expense recognised in the statement of financial performance	1,547,000	(5,394,717)	1,547,000	(5,394,717)
Net expense recognised in the statement of financial performance	1,547,000	(5,394,717)	1,547,000	(5,394,717)
	52,911,283	49,817,283	52,911,283	49,817,283

Net expense recognised in the statement of financial performance

Current service cost	3,442,000	4,426,136	3,442,000	4,426,136
Interest cost	6,443,000	6,742,523	6,443,000	6,742,523
Actuarial (gains) losses	(6,522,804)	(15,240,376)	(6,522,804)	(15,240,376)
Policy changes	-	(1,323,000)	-	(1,323,000)
Benefits paid	(1,815,196)	-	(1,815,196)	-
	1,547,000	(5,394,717)	1,547,000	(5,394,717)

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(6,522,804)	(15,240,376)	(6,522,804)	(15,240,376)
Actuarial (gains) losses – Plan assets	-	(1,323,000)	-	(1,323,000)
	(6,522,804)	(16,563,376)	(6,522,804)	(16,563,376)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.54 %	11.29 %	12.54 %	11.29 %
Expected rate of return on assets	8.14 %	8.46 %	8.14 %	8.46 %
Actual return on reimbursement rights	4.07 %	3.13 %	4.07 %	3.13 %

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

11. Employee benefit obligations (continued)

Long Service Awards Liability

The municipal operates an undefine benefit plan for all its employees under the plan, a long service award is payable after 5 years of continuous services, and every 5 years thereafter, to 45 years of continuous service. The provision is an estimate of the long service based on historical staff turnover.

Reconciliation of Long service awards - June 2023		Opening balance	Additions	Utilised during the year	Total
Long service awards	-	21,634,000	9,158,000	(4,503,000)	26,289,000

Reconciliation of Long service awards - June 2022		Opening balance	Additions	Utilised during the year	Total
Long service awards	-	16,945,898	7,911,029	(3,222,927)	21,634,000

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Arch Actuarial Consulting. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Credit Unit Method.

At year end 30 June 2023, 780 (2022, 798) employees were eligible for the Long Service Awards.

The current service cost for the year ending 30 June 2023 was estimated to be R3 037 226 whereas the cost of the ensuing year is estimated to be R2 600 000 and R2 938 000

The principle assumptions used for the purpose of the actuarial valuation were as follows:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation. The expected CPI inflation assumption of 5.54% was obtained from the differential between market yields on index-linked premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $(1+11.26\%-0.50\%)/(1+4.94\%)-1$.

Thus, a general earnings inflation rate of 6.54% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.43. It was assumed that the next general earnings increase will take place on 1 July 2024.

Discount rate	11.26%
Normal salary increase	6.54%
Net effective discount rate	4.43%

Changes in the present value of the long service awards are as follows:

Opening balance	21,634,000	16,945,898	21,634,000	16,945,898
Current year service cost	2,600,000	2,037,226	2,600,000	2,037,226
Interest cost	2,201,000	1,203,655	2,201,000	1,203,655
Benefits paid	(3,118,183)	(3,222,927)	(3,118,183)	(3,222,927)
Actuarial losses	(1,384,817)	4,670,148	(1,384,817)	4,670,148
Addition of pro-rata LSA	4,357,000	-	4,357,000	-
	26,289,000	21,634,000	26,289,000	21,634,000

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

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
11. Employee benefit obligations (continued)				
Present value of the long service awards wholly unfunded	27,991,244	21,634,000	27,991,244	21,634,000
Net expense recognised in the statement of financial performance				
Current service cost	2,600,000	2,037,226	2,600,000	2,037,226
Interest cost	2,201,000	1,203,655	2,201,000	1,203,655
Actuarial losses	(1,384,817)	1,447,221	(1,384,817)	1,447,221
Addition of pro-rata LSA	4,357,000	-	4,357,000	-
	7,773,183	4,688,102	7,773,183	4,688,102
Long Service Awards liability				
Medical contribution subsidies	1,815,196	1,734,000	1,815,196	1,734,000
Current portion of long service awards	3,118,183	3,260,000	3,118,183	3,260,000
	4,933,379	4,994,000	4,933,379	4,994,000
12. Prepayments				
Prepayments (CHDA) arise due to the entity's board cellphone data contracts paid in advance. Prepayments incurred during the year ending 30 June 2023 amounted to R28,575 (2022: R2,857)				
Prepayments (CHDM) arise due to the municipality paying an annual premium for insurance and software licences paid in advance. Prepayments incurred during the year ending 30 June 2023 amounted to R1,707,796				
13. Inventories				
Consumable stores	12,947,853	19,204,339	12,947,853	19,204,339
Water for distribution	691,040	516,698	691,040	516,698
	13,638,893	19,721,037	13,638,893	19,721,037
8.1 Inventory Reconciliation				
Stationery	241,182	90,126	241,182	90,126
Cleaning Material	52,517	64,461	52,517	64,461
Water & Fittings	12,654,154	19,049,752	12,654,154	19,049,752
Water inventory 37	691,040	516,699	691,040	516,699
Closing balance	13,638,893	19,721,038	13,638,893	19,721,038
14. Receivables from non-exchange transactions				
Sundry receivables - Roadworks subsidy	6,427,679	6,427,679	6,427,679	6,427,679
Local Municipalities	2,000,004	2,000,004	2,000,004	2,000,004
Rental and Eskom service deposits	15,631,410	14,668,242	15,631,410	14,668,242
RBIG	6,862,227	6,862,227	6,862,227	6,862,227
Other debtors	1,189,269	931,796	1,189,269	931,796
DHS Emergency Housing	1,211,903	1,211,903	1,211,903	1,211,903
WSIG	7,446,896	-	7,446,896	-
MIG	37,274,715	26,268,168	37,274,715	26,268,168
	78,044,103	58,370,019	78,044,103	58,370,019

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
14. Receivables from non-exchange transactions (continued)				
Gross Balances Receivables from non-exchange				
Sundry receivables - Roadworks subsidy**	6,427,679	6,427,679	6,427,679	6,427,679
Local Municipalities	2,000,004	2,000,004	2,000,004	2,000,004
Rental and Eskom service deposits	15,631,410	14,668,242	15,631,410	14,668,242
DHS Emergency Housing	1,211,903	1,211,903	1,211,903	1,211,903
Other debtors	1,780,507	1,096,772	1,780,507	1,096,772
MIG	37,274,715	26,268,168	37,274,715	26,268,168
RBIG	6,862,227	6,862,227	6,862,227	6,862,227
WSIG	7,446,896	-	7,446,896	-
	78,635,341	58,534,995	78,635,341	58,534,995
The ageing of amounts past due but not impaired is as follows:				
Sundry receivables - Roadworks subsidy**	6,427,679	6,427,679	6,427,679	6,427,679
Local Municipalities	2,000,004	2,000,004	2,000,004	2,000,004
Rental and Eskom service deposits	15,631,410	14,668,242	15,631,410	14,668,242
DHS Emergency Housing	1,211,903	1,211,903	1,211,903	1,211,903
Other debtors	1,780,507	1,096,772	1,780,507	1,096,772
MIG	37,274,715	26,268,168	37,274,715	26,268,168
RBIG	6,862,227	6,862,227	6,862,227	6,862,227
WSIG	7,446,896	-	7,446,896	-
	78,635,341	58,534,995	78,635,341	58,534,995
	-	-	-	-
Total receivables from non-exchange transactions	78,044,103	58,370,019	78,044,103	58,370,019
Receivables from non-exchange transactions impaired				
As of June 30, 2023, other receivables from non-exchange transactions of R78 635 341 - (2022: R58 534 995 -) were past due and assessed for impairment per GRAP 104 but not impaired.				
15. Receivables from exchange transactions				
Gross balances				
Water	2,006,489,435	1,607,158,643	2,006,489,435	1,607,158,643
Sewerage	422,300,680	351,874,117	422,300,680	351,874,117
Refuse	2,622,705	2,596,214	2,622,705	2,596,214
	2,431,412,820	1,961,628,974	2,431,412,820	1,961,628,974
Less: Allowance for impairment				
Water	(1,630,535,467)	(1,283,141,739)	(1,630,535,467)	(1,283,141,739)
Sewerage	(369,587,443)	(304,714,443)	(369,587,443)	(304,714,443)
Refuse	(2,591,491)	(2,568,267)	(2,591,491)	(2,568,267)
	(2,002,714,401)	(1,590,424,449)	(2,002,714,401)	(1,590,424,449)
Net balance				
Water	375,953,968	324,016,904	375,953,968	324,016,904
Sewerage	52,713,237	47,159,674	52,713,237	47,159,674
Refuse	31,214	27,947	31,214	27,947
	428,698,419	371,204,525	428,698,419	371,204,525

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
15. Receivables from exchange transactions (continued)				
Water				
Current (0 -30 days)	121,582,683	156,074,585	121,582,683	156,074,585
31 - 60 days	83,688,276	108,685,919	83,688,276	108,685,919
61 - 90 days	40,626,000	33,879,244	40,626,000	33,879,244
91 - 120 days	39,906,787	30,231,086	39,906,787	30,231,086
121 - 365 days	452,991,620	242,347,244	452,991,620	242,347,244
> 365 days	1,268,760,921	1,035,940,565	1,268,760,921	1,035,940,565
Impairment allowance	(1,630,535,467)	(1,283,141,739)	(1,630,535,467)	(1,283,141,739)
	377,020,820	324,016,904	377,020,820	324,016,904
Sewerage				
Current (0 -30 days)	14,148,196	13,717,710	14,148,196	13,717,710
31 - 60 days	17,057,072	14,055,332	17,057,072	14,055,332
61 - 90 days	8,292,566	6,952,309	8,292,566	6,952,309
91 - 120 days	8,193,398	6,675,836	8,193,398	6,675,836
121 - 365 days	63,020,795	54,994,575	63,020,795	54,994,575
> 365 days	311,588,654	255,478,355	311,588,654	255,478,355
Impairment allowance	(369,587,443)	(304,714,443)	(369,587,443)	(304,714,443)
	52,713,238	47,159,674	52,713,238	47,159,674
Sundry Debtors				
Current (0 -30 days)	9,232	12,921	9,232	12,921
31 - 60 days	10,295	11,668	10,295	11,668
61 - 90 days	2,596	5,000	2,596	5,000
91 - 120 days	2,596	3,745	2,596	3,745
121 - 365 days	46,950	17,304	46,950	17,304
> 365 days	2,551,036	2,545,575	2,551,036	2,545,575
Impairment allowance	(2,591,491)	(2,568,267)	(2,591,491)	(2,568,267)
	31,214	27,946	31,214	27,946
Reconciliation of allowance for impairment				
Balance at beginning of the year	(1,590,424,448)	(2,083,086,295)	(1,590,424,448)	(2,083,086,295)
Contributions to allowance	(412,289,952)	492,661,847	(412,289,952)	492,661,847
	(2,002,714,400)	(1,590,424,448)	(2,002,714,400)	(1,590,424,448)

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4,303	4,524	4,200	4,200
Bank balances	10,982,948	(71,232,794)	4,770,394	(71,535,339)
Short-term deposits	108,524,149	250,831,195	100,903,135	250,830,992
	119,511,400	179,602,925	105,677,729	179,299,853

Short-term deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5.50% to 6.70% per annum. Investments are made up of short-term deposits held for unspent conditional grants that are ringfenced until the conditions are met and utilised.

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

16. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
First National Bank - Current Account - 62002510693	5,767,535	7,383,886	22,652,807	4,745,659	(71,372,408)	21,433,512
First National Bank - Call Account - 62004499481	101,635	109,866	132,631	101,635	109,866	132,631
First National Bank - Call Account - 62190652521 (CRR)	8,499,950	114,427,826	30,237,960	8,499,950	114,427,826	30,237,960
First National Bank - Call Account - 62187939784	2,854,800	2,120,213	54,397	2,854,800	2,120,213	54,397
First National Bank - Call Account - 62187936532 (National)	28,623,237	42,168,950	14,642,214	28,623,237	42,168,950	14,642,214
First National Bank - Call Account - 62187938538 (Provincial)	988,841	65,625	346,190	988,841	65,625	346,190
First National Bank - Public Sector - Cheque Account - 62610267602	405,901	235,095	284,116	24,735	(162,932)	(82,117)
First National Bank - Public Sector - Cheque Account - 62868460363 (EPWP)	922,564	578	114,731	922,564	578	114,731
First National Bank - Call Account - 62868467418 (RBIG)	48,905,606	87,712,796	104,336,894	48,905,606	87,712,796	104,336,894
First National Bank - Call Account - 62896975201 (MDRG)	10,006,501	4,225,198	-	10,006,501	4,225,138	-
Cash on hand	-	-	-	4,200	4,200	4,200
FNB MAIN 62363654156	6,201,089	301,476	374,351	6,201,089	301,476	374,351
FNB SKILLS 62396085899	8	368	146	8	368	146
FNB INV 62378942918	7,621,014	203	56	7,621,014	203	56
FNB DEA 62457856296	75	(77)	217	75	(77)	217
FNB CALL 62541851574	-	-	11	-	-	11
FNB MECH 62540743483	10,512	(371)	65,171	10,512	(371)	65,171
FNB PETTY	868	1,148	4,061	868	1,148	4,061
Total	120,910,136	258,752,780	173,245,953	119,511,294	179,602,599	171,664,625

17. Share capital / contributed capital

Issued			
Ordinary	1,000	1,000	-

18. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2023

	Accumulated surplus	Total
Opening balance	5,093,862,387	5,093,862,387
Surplus	492,537,867	492,537,867
Correction of prior year error	(86,984,616)	(86,984,616)
	5,499,415,638	5,499,415,638

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

18. Accumulated surplus (continued)**Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2022**

	Accumulated surplus	Total
Opening balance	4,169,934,291	4,169,934,291
Surplus	968,522,059	968,522,059
Prior period error	(44,593,963)	(44,593,963)
	5,093,862,387	5,093,862,387

Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2023

	Accumulated surplus	Total
Opening balance	5,083,759,683	5,083,759,683
Surplus	497,326,091	497,326,091
Correction of prior year error	(106,926,512)	(106,926,512)
	5,474,159,262	5,474,159,262

Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2022

	Accumulated surplus	Total
Opening balance	4,137,136,534	4,137,136,534
Surplus	982,736,997	982,736,997
Prior period error	(36,113,848)	(36,113,848)
	5,083,759,683	5,083,759,683

19. Unspent conditional grants and receipts**Unspent conditional grants and receipts comprises of:****Unspent conditional grants and receipts**

Provincial;MIG	-	(10)	-	(10)
Municipal Disaster Grant	11,055,000	-	11,055,000	-
National;EPWP	-	185,021	-	185,021
National;Regional Bulk Infrastructure Grant (RBIG)	21,047,543	-	21,047,543	-
National;Finance Management Grant	-	(1,485)	-	(1,485)
HWSETA Grant	21,654	29,129	-	-
LGSETA Grant	48,621	90,771	-	-
Municipal Disaster Covid -19	-	75,741	-	75,741
National;Department of Transport-Rural Roads Asset Mgt Grant	400,172	371	400,172	371
National;WSIG	-	14,050,770	-	14,050,770
National; MWIG	(1)	-	(1)	-
Municipal Disaster Recovery Grant	-	1,573,489	-	1,573,489
	32,572,989	16,003,797	32,502,714	15,883,897

The nature and extent of government grants recognised in the Chris Hani District Municipality and an indication of other forms of government assistance from which the economic entity has directly benefited; and

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

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

20. Provisions

Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Total
Provision of Performance Bonus	1,746,218	1,746,218
Provision for Leave	1,452,211	1,452,211
Provision for future repairs	44,200	44,200
Other provisions	81,475,475	81,475,475
	84,718,104	84,718,104

Reconciliation of provisions - Economic entity - 2022

	Opening Balance	Total
Provision of Performance Bonus	1,746,218	1,746,218
Provision for Leave	1,452,211	1,452,211
Provision for future repairs	44,200	44,200
Other provisions	81,475,475	81,475,475
	84,718,104	84,718,104

Reconciliation of provisions - Controlling entity - 2023

	Opening Balance	Total
Other provisions	81,475,475	81,475,475

Reconciliation of provisions - Controlling entity - 2022

	Opening Balance	Total
Other provisions	81,475,475	81,475,475

The municipality has made a provision amounting to R81 475 457.14 for Department of Labour while both parties are on engagement with the debt up until the matter is resolved. The matter was reported as from 2018/2019 financial year

21. Revenue

Service charges	425,660,540	385,929,104	425,660,540	385,929,104
Project income	9,072,765	6,658,401	-	-
Mechanisation Centre Income	773,006	1,794,701	-	-
Tender Fees	1,800	-	-	-
Other income - (rollup)	101,407,040	160,051,293	473,345	867,450
Interest received - investment	179,820,130	94,814,562	179,650,977	94,778,972
Government grants & subsidies	1,502,542,738	1,308,020,166	1,502,542,738	1,308,020,166
	2,219,278,019	1,957,268,227	2,108,327,600	1,789,595,692

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
21. Revenue (continued)				
The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	425,660,540	385,929,104	425,660,540	385,929,104
Project income	9,072,765	6,658,401	-	-
Mechanisation centre income	773,006	1,794,701	-	-
Tender fees	1,800	-	-	-
Other income	2,556,727	1,287,209	473,345	867,450
Interest received - investment	179,820,130	94,814,562	179,650,977	94,778,972
	617,884,968	490,483,977	605,784,862	481,575,526
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Transfer revenue				
Government grants & subsidies	1,502,542,738	1,308,020,166	1,502,542,738	1,308,020,166
22. Service charges				
Service charges	80,663	1,930	80,663	1,930
Sale of water	358,799,978	317,880,877	358,799,978	317,880,877
Sewerage and sanitation charges	66,779,899	68,046,297	66,779,899	68,046,297
	425,660,540	385,929,104	425,660,540	385,929,104
23. Project cost-external income				
LG & HW SETA	1,072,765	12,678	-	-
24. Lease rentals on operating lease				
Equipment				
Contractual amounts	175,907	165,876	-	-
25. Other revenue				
Other income	2,556,727	1,287,209	473,345	867,450
26. Other income				
Staff Recoveries (Telephone)	1,000	50,239	1,000	50,239
Tender documents	78,609	433,433	78,609	433,433
VAT on Conditional Grant	621	32	621	32
Sundry receipts	393,115	383,746	393,115	383,746
Other income - CHDA	2,083,382	419,759	-	-
	2,556,727	1,287,209	473,345	867,450
27. Investment revenue				
Interest revenue				
Bank	453,425	225,262	284,272	189,672
Interest - investments	16,619,571	10,404,449	16,619,571	10,404,449
Interest - debtors	162,747,134	84,184,851	162,747,134	84,184,851
	179,820,130	94,814,562	179,650,977	94,778,972

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
28. Transfer and subsidies				
Other subsidies				
CHDM Choral Music Association	100,000	-	100,000	-
Engcobo Subsidy	-	1,856,946	-	1,856,946
VIP Toilets	29,275,320	45,288,215	29,275,320	45,288,215
Chris Hani Development Agency	-	-	36,071,951	33,141,720
	29,375,320	47,145,161	65,447,271	80,286,881

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
29. Government grants & subsidies				
Operating grants				
Equitable share	654,460,000	600,621,000	654,460,000	600,621,000
Finance Management Grant	1,000,000	1,000,000	1,000,000	1,000,000
Municipal Infrastructure Grant	41,980,426	44,408,004	41,980,426	44,408,004
EPWP	3,630,000	3,838,001	3,630,000	3,838,001
Rural Road Asset Management Grant	3,704,828	3,299,736	3,704,828	3,299,736
LG SETA	676,559	641,028	676,559	641,028
WSIG Operational	6,541,221	12,108,525	6,541,221	12,108,525
	711,993,034	665,916,294	711,993,034	665,916,294
Capital grants				
Municipal Infrastructure Grant	419,533,801	286,061,929	419,533,801	286,061,929
Water Service Infrastructure Grant	80,156,444	76,841,192	80,156,444	76,841,192
Regional Bulk Infrastructure Grant	290,859,459	275,774,240	290,859,459	275,774,240
Municipal Disaster Recovery Grant	-	3,426,511	-	3,426,511
	790,549,704	642,103,872	790,549,704	642,103,872
	1,502,542,738	1,308,020,166	1,502,542,738	1,308,020,166

Equitable Share

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

National: Municipal Infrastructure Grant

Balance unspent at beginning of year	-	60,152	-	60,152
Current-year receipts	450,451,000	304,343,000	450,451,000	304,343,000
Conditions met - transferred to revenue	(461,457,547)	(330,671,320)	(461,457,547)	(330,671,320)
Transfer to Debtor	11,006,547	26,268,168	11,006,547	26,268,168
	-	-	-	-

Conditions still to be met - remain liabilities (see note 19).

LG SETA

Current-year receipts	676,559	641,028	676,559	641,028
Conditions met - transferred to revenue	(676,559)	(641,028)	(676,559)	(641,028)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 19).

National: EPWP

Balance unspent at beginning of year	(185,020)	(185,020)	(185,020)	(185,020)
Current-year receipts	3,630,000	3,838,000	3,630,000	3,838,000
Conditions met - transferred to revenue	(3,630,000)	(3,838,000)	(3,630,000)	(3,838,000)
Repayment of unspent	185,020	-	185,020	-
	-	(185,020)	-	(185,020)

Conditions still to be met - remain liabilities (see note 19).

National: Finance Management Grant

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
29. Remuneration of councillors (continued)				
Balance unspent at beginning of year	-	706	-	706
Current-year receipts	1,000,000	1,000,000	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,000,000)	(1,000,706)	(1,000,000)	(1,000,706)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 19).

Municipal Disaster Grant

Current-year receipts	11,055,000	-	11,055,000	-
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Conditions still to be met - remain liabilities (see note 19).

National: Regional Bulk Infrastructure Grant

Balance unspent at beginning of year	-	49,259,319	-	49,259,319
Current-year receipts	311,907,000	220,268,000	311,907,000	220,268,000
Conditions met - transferred to revenue	(290,859,459)	(275,774,241)	(290,859,459)	(275,774,241)
Other	-	(615,305)	-	(615,305)
Transfer to debtor	1	6,862,227	1	6,862,227
	21,047,542	-	21,047,542	-

Conditions still to be met - remain liabilities (see note 19).

Municipal Disaster Grant

Balance unspent at beginning of year	75,741	75,741	75,741	75,741
Re-payment of unspent	(75,741)	-	(75,741)	-
	-	75,741	-	75,741

Conditions still to be met - remain liabilities (see note 19).

National: DOT-Rural Road Asset Management Grant

Balance unspent at beginning of year	371	108	371	108
Current-year receipts	4,105,000	3,300,000	4,105,000	3,300,000
Conditions met - transferred to revenue	(3,704,828)	(3,299,737)	(3,704,828)	(3,299,737)
Re-payment of unspent	(371)	-	(371)	-
	400,172	371	400,172	371

Conditions still to be met - remain liabilities (see note 19).

Water Service Infrastructure Grant

Balance unspent at beginning of year	14,050,770	51,003	14,050,770	51,003
Current-year receipts	65,200,000	103,000,000	65,200,000	103,000,000
Conditions met - transferred to revenue	(86,697,665)	(89,000,233)	(86,697,665)	(89,000,233)
Transfer to debtor	7,446,895	-	7,446,895	-
	-	14,050,770	-	14,050,770

Conditions still to be met - remain liabilities (see note 19).

Municipal Disaster Recovery Grant

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
29. Remuneration of councillors (continued)				
Balance unspent at beginning of year	1,573,489	-	1,573,489	-
Current-year receipts	-	5,000,000	-	5,000,000
Conditions met - transferred to revenue	-	(3,426,511)	-	-
Re-payment of unspent	(1,573,489)	-	(1,573,489)	(3,426,511)
	-	1,573,489	-	1,573,489

Conditions still to be met - remain liabilities (see note 19).

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
30. Employee related costs				
Basic	248,598,734	241,689,328	235,063,253	224,153,121
Bonus	19,968,025	18,200,882	19,968,025	18,200,882
Medical aid - company contributions	29,464,345	30,100,498	28,667,091	29,215,477
UIF	1,774,119	1,825,134	1,713,541	1,742,169
WCA	34,947	47,520	-	-
SDL	138,121	218,878	-	-
Leave pay provision charge	5,391,891	8,285,702	5,248,970	7,965,072
Industrial Council Levies	100,679	98,172	100,679	98,172
Defined contribution plans	1,046,578	1,279,118	-	-
Travel, motor car, accommodation, subsistence and other allowances	30,015,705	27,860,322	30,015,705	27,860,322
Overtime payments	9,697,373	13,205,561	9,697,373	13,205,561
Long-service awards	7,919,183	6,463,806	7,919,183	6,463,806
Housing benefits and allowances	1,607,827	1,450,112	1,607,827	1,450,112
Pension Fund Contributions	40,913,749	37,099,979	40,913,749	37,099,979
Group Life Insurance	2,197,802	1,991,682	2,197,802	1,991,682
	398,869,078	389,816,694	383,113,198	369,446,355

Remuneration of municipal manager - G. Mashiyi

Annual Remuneration	1,565,457	1,413,372	1,565,457	1,413,372
Car and other allowances	590,471	614,905	590,471	614,905
Performance Bonuses	120,654	335,978	120,654	335,978
Contributions to UIF, Medical and Pension Funds	2,255	256,532	2,255	256,532
Other	547,317	114,908	547,317	114,908
Other	-	124	-	124
	2,826,154	2,735,819	2,826,154	2,735,819

Remuneration of chief finance officer - C. Mapeyi

Annual Remuneration	1,185,626	1,057,197	1,185,626	1,057,197
Car and other allowances	546,690	531,450	546,690	531,450
Performance Bonuses	90,249	263,112	90,249	263,112
Contributions to UIF, Medical and Pension Funds	59,399	236,777	59,399	236,777
Other	194,937	10,616	194,937	10,616
Other	-	43,329	-	43,329
	2,076,901	2,142,481	2,076,901	2,142,481

Remuneration of director: Corporate services - Y. Matakane-Dakuse

Annual Remuneration	523,508	1,197,153	523,508	1,197,153
Car and other allowances	180,633	475,770	180,633	475,770
Performance Bonuses	76,437	287,219	76,437	287,219
Contributions to UIF, Medical and Pension Funds	99,473	269,309	99,473	269,309
Other	21,716	12,005	21,716	12,005
Other	-	97,330	-	97,330
	901,767	2,338,786	901,767	2,338,786

Director Corporate Services - Y Matakane - Dakuse resigned in September 2022. Thokozani Skefile-Jaxa (Manager Corporate Services) acted as Director Corporate Services from October 2022 to March 2023 and appointed as a Director from April 2023

Remuneration of director: Health services - N. Mnyengeza

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
30. Employee related costs (continued)				
Annual Remuneration	1,185,686	1,057,197	1,185,686	1,057,197
Car and other allowances	553,573	507,956	553,573	507,956
Performance Bonuses	90,249	256,860	90,249	256,860
Contributions to UIF, Medical and Pension Funds	235,914	229,436	235,914	229,436
Other	-	40,124	-	40,124
	2,065,422	2,091,573	2,065,422	2,091,573

Remuneration of Director: Integrated Planning and Development - Z. Shasha

Annual Remuneration	-	881,567	-	881,567
Car and other allowances	-	352,580	-	352,580
Performance Bonuses	-	218,891	-	218,891
Contributions to UIF, Medical and Pension Funds	-	193,353	-	193,353
Other	-	8,842	-	8,842
Other	-	96,346	-	96,346
	-	1,751,579	-	1,751,579

Remuneration of Director: Integrated Planning and Development - Z. M. Duze

Annual Remuneration	1,125,201	281,293	1,125,201	281,293
Car and other allowances	516,609	102,862	516,609	102,862
Performance Bonuses	64,051	65,635	64,051	65,635
Contributions to UIF, Medical and Pension Funds	203,634	51,164	203,634	51,164
Other	36,382	10,030	36,382	10,030
Other	-	31	-	31
	1,945,877	511,015	1,945,877	511,015

Remuneration of Director: Strategic services - B. Mthembu

Annual Remuneration	-	1,094,957	-	1,094,957
Car Allowance	-	447,338	-	447,338
Performance Bonuses	-	270,966	-	270,966
Contributions to UIF, Medical and Pension Funds	-	251,545	-	251,545
Other	-	113	-	113
Other	-	97,330	-	97,330
	-	2,162,249	-	2,162,249

Remuneration of Acting Director: Strategic Services - B. Ganyaza	123,769	42,497
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Remuneration of Director: Technical services - L. Govu / M. Shasha

Annual Remuneration	649,688	1,185,057	649,688	1,185,057
Car and other allowances	224,220	481,319	224,220	481,319
Performance Bonuses	84,257	283,409	84,257	283,409
Contributions to UIF, Medical and Pension Funds	126,485	215,436	126,485	215,436
Other	225,675	46,192	225,675	46,192
Other	-	96,346	-	96,346
	1,310,325	2,307,759	1,310,325	2,307,759

Remuneration of Chief Executive Officer

Annual Remuneration including social contributions	312,577	1,474,286	-	-
Contributions to UIF, Medical and Pension Funds	-	105,514	-	-
	312,577	1,579,800	-	-

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

30. Employee related costs (continued)

**The position of Chief Executive Officer (CEO) became vacant on 1 April 2022. CHDA Board approved secondment of a board member to act in position of Chief Executive Officer during the period under review. The resulting remuneration from the acting has been disclosed under board fees / director's emoluments.

Remuneration of Chief Finance Officer

Annual Remuneration including social contributions	-	1,094,091	-	-
Car Allowance	-	118,151	-	-
	-	1,212,242	-	-

**The position of Chief Finance Officer (CFO) became vacant on 1 June 2022, resulting from internal disciplinary processes. An acting incumbent was appointed in the period 19 September 2021 to 30 June 2023, and the acting allowance has been disclosed under employee costs.

Remuneration of Executive Manager Operations

Annual Remuneration	1,137,656	1,137,656	-	-
Contributions to UIF, Medical and Pension Funds	98,409	98,409	-	-
	1,236,065	1,236,065	-	-

Directors' emoluments - Non-executive

Adv. AM Mini (Board Chairperson)	136,329	175,000	-	-
Dr. ND Khewu	162,000	35,000	-	-
Mr. AA Hala	420,911	255,455	-	-
Mr. L Mbokotho	143,663	136,000	-	-
Mr. PH Songo	-	26,000	-	-
Mr. TR Ramabulana (Deputy Board Chairperson)	172,330	221,000	-	-
Ms. B Zantsi	30,000	40,000	-	-
Ms W.Dukuza	15,000	-	-	-
Ms M Makapela	65,000	-	-	-
Ms. Z Kiviet	47,000	157,000	-	-
Mr. G Qotywa	-	60,000	-	-
Mr. SM Ngqwala	-	35,000	-	-
Ms. F Mushohwe	-	76,000	-	-
Ms. VV Matsiliza	-	50,000	-	-
	1,192,233	1,266,455	-	-

31. Remuneration of councillors

Executive Major	1,119,207	1,045,805	1,119,207	1,045,805
Deputy Executive Mayor	903,523	837,362	903,523	837,362
Mayoral Committee Members	4,295,598	4,501,133	4,295,598	4,501,133
Speaker	903,523	842,686	903,523	842,686
Councillors	3,644,627	3,587,909	3,644,627	3,587,909
Chief Whip	849,604	792,406	849,604	792,406
Sec 79 Chair	825,880	818,919	825,880	818,919
	12,541,962	12,426,220	12,541,962	12,426,220

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

31. Remuneration of councillors (continued)

In-kind benefits

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

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Deputy Mayor and Speaker utilises separate Council owned vehicles for official duties.

Additional information

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

32. Depreciation and amortisation

Property, plant and equipment	154,389,617	143,931,427	155,872,335	154,653,422
Intangible assets	861,102	142,182	861,102	142,182
	155,250,719	144,073,609	156,733,437	154,795,604

33. Impairment loss

Impairments

Property, plant and equipment	32,180,258	100,596,328	32,110,258	100,556,328
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34. Finance costs

Interest cost	491,909	2,842,204	491,909	2,842,204
Interest and penalties	11,945	1,161,787	-	-
	503,854	4,003,991	491,909	2,842,204

35. Debt impairment

Debt impairment	405,017,000	(350,090,631)	405,017,000	(350,090,631)
Bad debts written off	86,657,478	-	86,657,478	-
	491,674,478	(350,090,631)	491,674,478	(350,090,631)

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
36. General expenses				
Accounting fees	372,143	-	-	-
Advertising	887,840	1,385,529	887,840	1,367,286
Auditors remuneration	10,339,584	11,632,673	8,154,532	9,372,558
Bank charges	4,427,212	1,819,751	4,376,552	1,762,793
Cleaning	269,152	55,737	-	-
Computer expenses	16,887,571	20,937,158	16,887,571	20,937,158
Consulting and professional fees	567,700	631,913	-	3,847
Consumables	4,059,253	2,260,975	4,059,253	2,260,975
Donations	254,276	-	-	-
Entertainment	394,343	327,512	375,736	305,526
Insurance	2,361,010	3,474,242	1,994,987	3,310,013
Community development and training	85,180	324,880	85,180	324,880
IT expenses	504,022	441,901	-	-
Motor vehicle expenses	1,746,749	3,319,811	1,746,749	3,319,811
Fuel and oil	35,222,066	22,891,931	35,094,004	22,771,466
Postage and courier	4,735	4,251	1,030	2,028
Printing and stationery	1,279,183	1,303,894	1,045,278	1,172,530
Protective clothing	935,152	878,619	935,152	878,619
Repairs and maintenance	178,514	88,182	-	-
Security (Guarding of municipal property)	158,575	214,936	-	-
Software expenses	802,009	496,992	-	-
Staff welfare	703,455	569,145	703,455	569,145
Subscriptions and membership fees	3,965,017	3,725,635	3,951,295	3,714,509
Telephone and fax	3,179,629	3,327,417	3,123,444	3,228,308
Travel - local	7,715,217	5,872,961	7,576,764	5,793,947
Title deed search fees	228,297	75,982	-	-
Assets expensed	2,798,964	2,890,997	2,798,964	2,890,997
Electricity	409,466	4,379,595	182,649	4,235,194
Gas	-	412,195	-	412,195
Water	12,095	12,789	12,095	12,789
Refuse	3,739	236,986	3,739	236,986
Sewerage	27,158	27,289	390	279
Study Assistance Reimbursements	951,882	884,229	-	32,617
Board fees	1,547,895	1,543,455	-	-
Communication	181,151	107,413	171,108	97,597
Recruitment costs	157,602	31,582	-	-
Indigent subsidy	8,567,623	16,542,725	8,529,730	16,514,793
Staff training and development	210,525	41,989	-	-
Chemicals	-	(1)	-	(1)
Skills Development Levy	3,401,116	3,273,230	3,401,116	3,273,230
Operating Leases	6,770,100	5,514,174	6,770,100	5,514,174
	122,567,200	121,960,674	112,868,713	114,316,249

37. Inventory consumed - water

Water	127,839,324	115,687,007	127,839,324	115,687,007
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Water Distribution Losses

Water losses	88,466,601	93,097,878	88,466,601	93,097,878
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The municipality incurred water distribution losses in the previous year estimated at 36,20% of 8 253 358 units amounting to R93 097 878. and current year @ 36.16% of 8 622 476 amounting to R88,466,601.30

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
38. Contracted services				
Presented previously				
Outsourced services	38,019,617	37,849,957	32,528,012	32,324,813
Repairs and Maintenance	59,899,560	42,961,210	59,899,560	42,961,210
Consultants and professional fees	40,070,123	50,906,745	40,070,123	50,906,745
Other Contractors	97,609,745	84,564,814	88,320,782	78,915,576
	235,599,045	216,282,726	220,818,477	205,108,344

39. Cash generated from operations

Surplus	492,537,867	968,522,059	497,326,091	982,736,997
Adjustments for:				
Depreciation and amortisation	174,731,509	164,932,139	170,029,007	160,192,406
Gain on sale of assets and liabilities	4,399,978	559,029	4,399,978	559,029
Interest on debtors	162,747,134	84,184,851	162,747,134	84,184,851
Impairment deficit	32,110,258	100,556,328	32,110,258	100,556,328
Debt impairment	405,017,000	(350,090,631)	405,017,000	(350,090,631)
Bad debts written off	86,657,478	-	86,657,478	-
Actuarial gains/losses	(8,484,000)	(15,116,155)	(8,484,000)	(15,116,155)
Movements in retirement benefit assets and liabilities	14,686,000	14,409,540	14,686,000	14,409,540
Changes in working capital:				
Inventories	6,082,144	(5,733,714)	6,082,144	(5,733,714)
Receivables from exchange transactions	(1,483,017)	(8,361,276)	-	-
Receivables from exchange transactions	(711,915,506)	241,632,211	(711,915,506)	241,632,211
Other receivables from non-exchange transactions	(19,674,084)	(32,610,898)	(19,674,084)	(32,610,898)
Operating lease liability	178,532	-	178,532	-
Prepayments	(1,733,496)	55,102	(1,707,796)	-
Payables from exchange transactions	38,327,072	28,790,030	45,694,671	23,937,436
VAT payables	57,306,538	3,777,340	47,981,502	645,636
Unspent conditional grants and receipts	17,628,461	(33,747,445)	16,618,817	(33,747,445)
Consumer deposits	132,252	123,153	132,252	123,153
	749,252,120	1,161,881,663	747,879,478	1,171,678,744

40. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2023

Financial assets

	At fair value	At amortised cost	Total
Prepayments	-	28,575	28,575
Trade and other receivables from exchange transactions	-	438,542,712	438,542,712
Other receivables from non-exchange transactions	-	88,441,438	88,441,438
Cash and cash equivalents	119,511,400	-	119,511,400
Principal Agent Receivables	-	2,805,136	2,805,136
	119,511,400	529,817,861	649,329,261

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	319,095,717	319,095,717

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
40. Financial instruments disclosure (continued)				
Unspent conditional grant			539,959	539,959
Provisions			3,242,629	3,242,629
Principal Agent Payables			13,610,655	13,610,655
VAT Payable			10,332,189	10,332,189
			346,821,149	346,821,149

Economic entity - 2022**Financial assets**

	At fair value	At amortised cost	Total
Prepayments	-	2,875	2,875
Trade and other receivables from exchange transactions	-	393,003,283	393,003,283
Other receivables from non-exchange transactions	-	58,534,995	58,534,995
Cash and cash equivalents	179,603,372	-	179,603,372
Principal Agent Receivables	-	1,898,396	1,898,396
	179,603,372	453,439,549	633,042,921

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	283,114,706	283,114,706
Unspent conditional grant	3,380,574	3,380,574
Bank overdraft	448	448
	286,495,728	286,495,728

Controlling entity - 2023**Financial assets**

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	428,698,419	428,698,419
Other receivables from non-exchange transactions	-	78,635,341	78,635,341
Cash and cash equivalents	105,677,729	-	105,677,729
	105,677,729	507,333,760	613,011,489

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	347,125,024	347,125,024

Controlling entity - 2022**Financial assets**

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	371,204,525	371,204,525
Other receivables from non-exchange transactions	-	58,534,995	58,534,995
Cash and cash equivalents	179,299,853	-	179,299,853

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

40. Financial instruments disclosure (continued)

	179,299,853	429,739,520	609,039,373
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Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	301,595,329	301,595,329

Financial instruments in Statement of financial performance**Economic entity - 2023**

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	169,153	169,153
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(11,945)	(11,945)
	157,208	157,208

Economic entity - 2022

	At amortised cost	Total
Net losses on financial instruments	35,590	35,590
Interest income (calculated using effective interest method) for financial instruments at amortised cost	(1,161,787)	(1,161,787)
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(1,126,197)	(1,126,197)
	(2,252,394)	(2,252,394)

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
41. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
• Infrastructure	577,965,680	975,455,043	577,965,680	975,455,043
• Building	158,424,331	158,424,331	158,424,331	158,424,331
• CHDA Projects	143,920,939	228,440,426	143,920,939	228,440,426
• Consultants	-	1,836,394	-	1,836,394
• Order commitments below R30 000	39,929	15,362	-	-
• Contract commitments	682,000	1,656,900	-	-
• Order commitments above R30 000	106,260	-	-	-
	881,139,139	1,365,828,456	880,310,950	1,364,156,194
Total capital commitments				
Already contracted for but not provided for	881,139,139	1,365,828,456	880,310,950	1,364,156,194
Total commitments				
Total commitments				
Authorised capital expenditure	881,139,139	1,365,828,456	880,310,950	1,364,156,194
This committed expenditure relates to property, plant and equipment and will be financed by Infrastructure Grants (Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant and Water Infrastructure Grant) as well as available bank facilities, accumulated surplus.				
Operating leases - as lessee (expense) - CHDA				
Minimum lease payments due				
- within one year	16,560	-	-	-

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

42. Contingencies

Contingent liabilities

The municipality is party to the following litigation matters.

Litigations

Sally McKenzie case. The Municipality as the 1st Defendant in the matter relating to a motor vehicle accident that occurred between CHDM employee and the Plaintiff. The Plea has been filed and the pleadings have closed. Pre-trial proceedings have begun in preparation for the hearing of the matter. Pre-trial minute was filed. The Plaintiff's Attorneys have not filed further papers. However, the Defendant's discovery will need to be supplemented and consultation is required with the 2nd Defendant to strengthen the defense. In the interim, the Attorneys have requested an Accident Report from the Queenstown Police Station and have been following up on same.	80,000	80,000	80,000	80,000
Claim by Civil and General Construction CC. Application to interdict and restrain CHDM from continuing with tender process and are awarding tender to Urban Africa Services pending hearing of main application which is for the review and setting aside of the decision to award the bid to Urban Africa Services. Matter was initially decided in the municipality's favour by a single judge, but the Applicant has applied for leave to appeal to the full bench of the GHT High Court. Application for leave was granted. Municipality has filed Leave to Appeal to the SCA. Leave to Appeal dismissed with costs. The costs of the matter are the subject of the taxation process, and shall be due and payable after the taxation.	60,000	300,000	60,000	300,000
Norland is a contractor rendering a Construction in Molteno Water Works. They Summoned against the Municipality payment of an amount of R 300 000.00 for the services rendered well as standing occasioned by the contractor which was unable to continue with work at termination of consultant. The official's relevant department acknowledges amount owed. Municipality in engaging the contractor on settling the amount and foregoing standing time.	300,000	-	300,000	-
Claim by City Square Trading 204 (Pty) Ltd against CHDM and one other for goods supplied and services rendered. CHDM is the 2nd Defendant in the matter. Action defended and has proceeded to trial. The matter was postponed in July 2021 for further evidence. The matter has been reinstated on the roll for hearing and is partly heard for further hearing in May 2023. The matter was heard and the application was dismissed with costs. The matter has now been set down to commence, by arrangement between Advocate Beyleveld SC, Advocate Ford SC and Judge Eksteen, on 28 August 2023 it will be heard at Makhandha High Court. The Attorneys are to consult with client in preparation for the trial.	8,600,000	8,600,000	8,600,000	8,600,000
The Municipality has defended the action. A plea was served to the plaintiff and the pleadings have been closed. The matter shall be enrolled for hearing at Court	-	410,000	-	410,000

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
WSSA claims an amount for services rendered, stock sold and other operational & maintenance related costs. Matter has been defended. The Alternative Dispute Resolution processes have failed as the parties did not agree on the manner of mediation. Due to the unreasonable demands that were made by the attorneys of the plaintiff, the mediation process has been abandoned in favor of the normal litigation process. The pleadings have closed. The matter went on a trial in October and finalized in November 2022. The court ruled against the Municipality. The judgment debt has been paid in full and the Plaintiff are preparing to send the matter for taxation in respect of costs.	1,061,125	17,700,000	1,061,125	17,700,000
Telkom still needs to substantiate claim. Matter is ready for trial. A special plea of failure to adhere with the Inter governmental Relations Framework Act. The matters might be combined if the Court allows such an application.	110,000	110,000	110,000	110,000
AM Putter case. Obligation of CHDM to pay medical aid contribution of surviving spouse of deceased employee/retired employee. Matter was referred to oral evidence and heard at High Court before Judge Makaula in 2016. He reserved judgment, and he has not delivered same for the past 5 (five) years. The Municipality's lawyers have been communicating with the Office of the Judge President in relation to the matter. It has since transpired that the Attorneys for the plaintiff have since filed a Notice of Withdrawal of Action, and the attorneys for the Municipality are in the process of engaging the attorneys for the plaintiff around the issue as the matter had been postponed pending the delivery of the judgment. The Attorneys for the Municipality appointed Advocate Beyleveld SC to provide an opinion on the furtherance of the matter herein. He provided an opinion advising that the Attorneys write a letter to the attorneys for the plaintiff, putting them on terms of their non-compliance of Rule 41(1) which allows for "the withdrawal of an action any time before the matter has been set down and thereafter by consent of the parties or leave of the court" and requesting that they tender costs, failing which an application for an order for payment. On a face-to-face consultation with the Municipality at Queenstown in March 2023, the Attorneys informed the Municipality of the above events And Counsel's Opinion. Costs will be pursued.	320,000	320,000	320,000	320,000
BVI Border filed an urgent application against CHDM claiming that the cancellation of the agreements between the applicant and the Municipality must be declared unlawful. CHDM opposed the application and filed a notice of intention to oppose. Information is being sought for the purposes of bringing the grounds of opposition. The Municipality has conceded to an interim interdict that the parties' obligation continues pending the finalisation of the matter. The opposition to Part B of the application has been withdrawn, and the order sought has been conceded to. Costs of the matter are still to be taxed.	-	200,000	-	200,000

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
Element Consulting Engineers (PTY)LTD, is suing the Municipality for a capital claim of an amount R 3 481 997,42 for 1st claim R1 456 841,229 New Rathwick Project (2010); Molteno Project (April 2012) 2nd claim amounting to R1 827 115,47 and The Emergency Housing Project (December 2017) amount R198 040,73. The Municipality has filed a notice of intention to oppose. Part A of the application is to have the contract between the Municipality and Element Consulting Engineers reviewed and set aside on the grounds that it is not in compliance with legal prescripts, the contract is open ended and the contract is beyond its validity date. Part B is an application to have the claim against the Municipality for services rendered put on hold pending the finalisation of part A of the Application. The matter is still on pleadings stage. Arbitrator at SALGBC awarded in favour of Dr AM Sambumbu to be re-instated at work with effect from 2019. A further order is that he should be paid an amount of R512,017.40 which represent an equivalent of monthly salary of R56,890.83 for a period of 9(nine) months. The Municipality has approached the Labour Court in view to review the decision. Matter has been argued in the third quarter (March 2022). Judgement has been reserved. The Municipality has approached the Labour Court in view to review the decision. The attorney is instructed to follow up. Judgment was handed down on 15 February 2023 and the order is in favour of the Municipality stating that the dismissal of Dr Sambumbu was substantively and procedurally fair. On 18 April 2023, attorneys for Municipality received a notice of application of leave to appeal to the Labour Appeal court and the condonation application thereto. The application was forwarded to Municipality for further instructions and the Municipality requested a Memo on merits of the application and the Municipal's prospects of success. The Memo was filed by Adv Kroon SC. The Municipality instructed the attorneys to file opposing papers and answering affidavit. We are currently awaiting for a directive from the Judge.	4,000,000	-	4,000,000	-
Mr Mvelo claims for damages against the Municipality for the repair costs of his vehicle that was involved in an accident after it hits a pothole and apparently overturned. The Municipality has defended the matter on the basis that the roads function is that of either SANRAL or a Local Municipality and not itself. Pleadings have closed in August 2021. No further steps taken by the Plaintiff. 2nd defendant recently filed Special Plea and plea.	1,365,380	1,365,380	1,365,380	1,365,380
Mr Miggels claims for damages against the Municipality for personal injuries suffered as a result of falling in to an unmarked deep trench which allegedly was left exposed by the Water Services employees. The matter has not only been defended but has also been referred to the Municipality's insurance for conformation of cover. The Assets Management Unit is still liaising with the Municipality's brokers and also the Water Services Team. Plea is still to be amended. Consultation is to take place.	170,000	170,000	170,000	170,000
	320,000	320,000	320,000	320,000

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
Telkom lodged 5(five) claims in a single summon that relate to the reimbursement for repair damages to their infrastructure in both the Komani and Cradock areas. The incidents apparently happened between 10 July 2017 and 25 July 2019. The matter has been defended, and a plea has been filed. Pleadings have closed and Pre-trial proceedings have commenced.	250,000	250,000	250,000	250,000
After the termination of the contract with Diphatse Trading, the Municipality noticed that the site was left unattended, and informed Diphatse Trading that they would deploy security personnel for the purposes of protecting the Municipality's assets. Upon the deployment of the personnel, Diphatse Trading approached the Court on the basis that they have been dispossessed of the site, and that they would require it to be restored to them. The Court granted the order, but the Municipality subsequently filed an application for leave to appeal which has been decided in the Municipality's favour. The appeal date has been allocated for hearing on the 08 August 2022.	-	200,000	-	200,000
Mr Jonas claims for damages against the Municipality for the repair costs of his vehicle that was involved in an accident with a vehicle driven by a Municipality's employee. An instruction has been given to attorneys to accordingly defend the matter, and a plea has been filed. The Notice of withdrawal as attorneys record for the 2nd Defendant has been filed. . Due to the fact that the Plaintiff has been silent the attorneys have proceeded with requesting the discovery from the plaintiff.	80,000	80,000	80,000	80,000
The applicant brought an application on an urgent basis for the reconnection of the water supply and related services to a business and residential complex (Helvia Court) at Komani. The Municipality's Revenue Management Unit was not aware of the disconnection as they claim that the premises were not part of the premises in the disconnection list. The services were restored after the applicant approached the Court. The case was settled in 2021/2022 financial year.	-	70,000	-	70,000
Department of Water and Sanitation sued the Intsika Yethu Local Municipality for water use charges for a period between April 2002 and June 2016. The Municipality has noted appearance to defend but also intend to activate the intergovernmental relations processes, which has been neglected by both the Plaintiff and Defendant. In the meantime, the Municipality has engaged with the Intsika Yethu Local Municipality with the view to better understand the claim and also initiate alternative dispute resolution processes with the Department of Water and Sanitation. Unfortunately, the DWS has continued with the litigation process against Intsika Yethu Municipality, an action that makes litigation to subsist.	9,000,000	9,000,000	9,000,000	9,000,000
Zanamazi Services (Pty) Ltd instituted a claim against CHDM for a material amount. CHDM defended the matter and has filed a plea both on the merits and technical grounds. Pleadings have closed. Defendant has filed Discovery affidavit. No further action by Plaintiff.	25,000,000	25,000,000	25,000,000	25,000,000

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
M. Ngqoyiya case. Applicant approached the Labour Court to review the arbitration award issued in July 2016 in terms of which the Arbitrator found the said Applicant's dismissal to be substantively and procedurally fair. Applicant alleges that the Arbitrator failed to consider his long period of service to the Municipality and that he did not receive a prior warning before being dismissed. Matter was set down for hearing on 1 September 2021 but postponed by agreement between the parties. Applicant's attorneys withdrew as attorneys of record in January 2022. Attorneys have been requested to proceed to set the matter down for hearing, and utilise the services of a junior counsel.	50,000	50,000	50,000	50,000
Hatch Africa filed an urgent application against CHDM directing the Municipality to comply with its obligation under the agreement concluded between CHDM and the applicants on or about 28 October 2008. Title "Form of agreement Consulting engineering Services: Water supply cluster7". Information is being sought for the purposes of bringing the grounds of opposition. The Municipality has conceded to an interim interdict that the parties' obligation continue pending the finalisation of the matter. The opposition to Part B of the application has been withdrawn, and the order sought has been conceded to. Costs have been reserved	400,000	400,000	400,000	400,000
Agric EC. The applicant seeks an order for specific performance that relates to the urgent repairs and maintenance to the Cradock Wastewater works and/ or the sewerage reticulation system and/ or infrastructure connected thereto within the 14 (fourteen) days from the date of the service of the Order. Though the Municipality has opposed the application, the Water Services Unit concedes most of the issues and is to bring a plan to remedy the situation. The matter has been decided against the Municipality requiring it to remedy the situation within a certain period. The Municipality monitors the compliance with the Court Order. Affidavit received from applicant on 14/04/2023 regarding the status of the project. Parties will meet on 8 August 2023 to discuss possible settlement of the matter	120,000	120,000	120,000	120,000
BVI Border filed an urgent application against CHDM seeking an interdict, firstly, to be granted against the allocation of work to the panel of consultants pending the finalisation of Part B, which is the review of the bid award. Part A was argued at GHT High Court, and was decided in favour of BVI Border (Pty) Ltd. Part B is still due to be dealt with after the founding papers have been supplemented and the Municipality file the answering papers. The Municipality has offered to withdraw the opposition and the parties are still deliberating on the issue of costs.	-	400,000	-	400,000

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
The Auditor-general of South Africa (Tsakani Maluleke) hereby institutes an action against the defendants in which the plaintiff claims the relief on the grounds that the 2nd defendant has failed to pay/refuse/neglect to make payment of the outstanding audit fees. The plaintiff also filed a notice of agreement or opposition to mediation – the plaintiff does not want to litigate; they only claim the amount due to them. While the parties appear to have made settlement arrangements, the Auditor General has yet to withdraw the claim .	20,000	20,000	20,000	20,000
Arbitrator at SALGBC awarded in favour of Ms Ngwendu & Mr Pambaniso in Nov 2021, in terms of which CHDM was ordered to reinstate the employees with effect from Dec 2021. CHDM is challenging the award in the Labour Court on various grounds. Security for costs in the amount of R 3,603,557.28 has already been paid to Court. Review application was served on the parties in Dec 2021. The employees have delivered a notice to oppose the application. Awaiting notification from the registrar that the record has been received from the SALGBC. The complete transcribed records were received. Awaiting the respondents answering affidavit. The applicant is supplementing its papers. The applicants served the supplemented affidavit and received the respondents' s answering affidavit thereto. The applicant further filed its replying affidavit . The request for a trial date has been filed. The court file has been indexed and paginated awaiting a date.	3,700,000	3,700,000	3,700,000	3,700,000
Mac Mkhunyana Investments (Pty) Ltd case. The Applicant filed application against respondents that applications non-complaint with the court relating to and time period condoned, that the respondent is interdicted from intention to interrupt water supply to applicant. Application granted In favour of the Applicant with no order for specific performance . The matter remains dormant as there is no action taken by applicant.	50,000	50,000	50,000	50,000
Rolfe Industrial Holdings. The Applicant filled application against respondents that applications non-compliant with the court relating to and time period condoned, that the respondent is u=interdicted to interrupt water supply to Applicant. Application granted in favour of the Applicant with no order for specific performance.	80,000	80,000	80,000	80,000
Mfuraa Projects and General case. The Plaintiff filed an action against the defendant claiming payment on the services rendered in the amount of R 27,135,559.92. The matter has been defended and the Municipality has filed both the plea to the claim and the counterclaim. The defendant has filed the Discovery Affidavit as required by Plaintiff. Settlement negotiations to follow once discovered documentation is considered.	28,000,000	28,000,000	28,000,000	28,000,000

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
The applicant filed an application against the respondent for an order to attend the sewage spill situation in Oxford Street, Pellem Street, Mlungisi as well as Komani Airfield. To ensure that once pipes are repaired and replaced infrastructure maintained to avoid further blockages. To repair or replace the defunct sewage pump station situated in Oxford Street in Mlungisi, Komani and to provide educational trainings to members of the community regarding sanitation and the effects and causes of blockages. The matter has been opposed and it is ready for the hearing. Matter is set down for the 08th of September 2022. An order was made in terms of Notice of motion and the Municipality is to pay the costs of the application. Bills were taxed and forwarded to the Municipality for payment and payment was made.	-	200,000	-	200,000
N. Hememe case. The applicant filed an application against the respondent to set aside the respondent's decision to refuse applicant's request to access to information and directing the respond to supply the applicant with information requested. The information requested it the Pension Fund nomination form, and the applicant is not the executor of the estate. The Executor of the Estate has not consented to the release of the information. The matter is referred to mediation. The matter is defended. No further action taken by plaintiff.	-	100,000	-	100,000
SRK consulting claims an amount of R223 922.30 from CHDM for the alleged additional professional services rendered. The Municipality entered an appearance to defend. The Plaintiff has filed its discovery notices. The matter is still on discovery stage.	243,922	243,922	243,922	243,922
Diphatse Trading and Projects case. The applicant interdicts the implementation of a newly awarded infrastructure contract on the basis that there is still a pending matter before the court. The matter has been opposed and it is still to be heard before the court. The matter was withdrawn o 5 july 2022 by the applicant. The cost order was awarded in favour of the municipality.	-	200,000	-	200,000
Lukhozi Construction Engineers entered into a contract with the Municipality for Professional services. The scope of works was extended but no new agreement was entered into. The contracts were terminated in 2021 and the Plaintiff did not oppose termination, however claimed a 10% of the outstanding contract amount as per extension of scope. The Municipality is defending the matter on the grounds that the Plaintiff has been paid all the amount due and payable to the as per the contract. And any extension of scope, if any is invalid as it does not fall within the legal prescripts. The application for review of that decision has been made. The matter is on pleadings stage.	1,000,000	-	1,000,000	-

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
N. Fumbeza case. An employee is dismissed for gross dereliction of duty and gross negligence. The matter is referred to arbitration for the alleged Unfair/ Unlawful Dismissal. The matter proceeded on the 08th and the 09th of March 2022. The parties agreed on the 6th of April 2023 that the matter convene, and it is still pending. The attorneys for the Municipality have requested that the matter be set down for hearing and awaiting date from Labour Court.	80,000	-	80,000	-
Sanele Sisusa case. The municipality as the 1st +Defendant in the matter relating to a motor vehicle accident that occurred between CHDM employee and the plaintiff, He is claiming for damages that were the result of the collusion. The municipality is defending the matter on the grounds that the Applicant was the one negligent and caused the accident. The matter is on Pleadings stage.	75,000	-	75,000	-
S. Ngxenyane case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended and pleadings not yet closed. The Municipality will apply that the matters be consolidated when the time comes.	100,000	-	100,000	-
N. Dintsi case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The Municipality is defending the matter and is on pleadings stage.	100,000	-	100,000	-
V. Makhamba case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended and on pleadings stage	100,000	-	100,000	-
W. Nkewana case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants' communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended and on pleadings stage	100,000	-	100,000	-

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
Y. Ngxothelwa case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended and on pleadings stage.	100,000	-	100,000	-
M. Nozwebile case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended and on pleadings stage.	100,000	-	100,000	-
T. Mtsewu case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended and on pleadings stage.	100,000	-	100,000	-
M. Mthiyo case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended and on pleadings stage.	100,000	-	100,000	-
N. Nkele case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended and on pleadings stage.	100,000	-	100,000	-
V. Gcora case. The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicant's communal taps be declared constitutional in terms section 27 of the constitution of republic of SA further that the municipality facilitate expedite supply of clean and purified water to applicants communal taps. The matter is defended. The pleadings not closed.	100,000	-	100,000	-
	85,535,427	97,739,302	85,535,427	97,739,302

Contingent assets

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
42. Contingencies (continued)				
A contingent asset was due to Diphatse Trading, a contractor, brings an urgent application against the Municipality for two orders, which are a declaration that the contract is valid, and a payment of the outstanding amount. The matter is opposed as the applicant labours under the false impression that the contract has been terminated, and also that the certificate claimed is not due to the contractor, but to the Municipality (as penalties). The matter of urgency was decided in the Municipality's favour. Costs of the matter are still to be taxed. The main application is still ongoing.	100,000	100,000	100,000	100,000
A contingent was due to an action for eviction against HJT Transport for unlawful possession of Municipality's land despite the expiry of a mining permit. HTJ has defended the matter claiming that the permit has been extended, but has not submitted sufficient proof. The Municipality has applied for summary judgement against HJT in view to enforce rights. Application was granted with the eviction order. An application for leave to appeal was filed. On the 10th of March 2021, the court dismissed the application for leave to appeal and was dismissed with costs. The warrant of ejectment was issued, and the Sheriff attempted execution, but was halted by the Municipality's failure to furnish it with the indemnity and certain guarantees, which led to the sheriff possessing the land for more than 3 months at a cost to the Municipality. The costs of the matter are in favour of the Municipality and shall be taxed as soon as the bills of costs have been completed.	-	300,000	-	300,000
The Tsomo Magistrates Court dismissed an application for rescission that was brought by the Municipality against Mawethu Magida. A judgment was granted by default against the Municipality for a claim for damages allegedly caused by blasting while the Municipality implemented an infrastructure project. An appeal was brought out of Mthatha High Court and was decided in favour of the Municipality. The costs have yet to be taxed, and the taxation process shall begin as soon the bill of costs has been finalised by the costs consultant.	80,000	300,000	80,000	300,000

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
VW Shumi Case. A contingent asset was due to the plaintiff brought summons against the CHDM and the Enoch Mgijima Local Municipality, but only claims against the R 5 million Enoch Mgijima Local Municipality. In the same claim, the plaintiff prays that the CHDM not to be allowed to claim services from him. The plaintiff's claim is bad in law, and attorneys have been requested to defend the matter with costs. Both defendants have raised exceptions to the particulars of claim. The CHDM's exception has been upheld, and the plaintiff is still to amend its particulars of claim. An application was brought to have the respondents dismissed with costs as they have not filed amended particulars within the stipulated time frame. The matter was heard on 27 September 2022, however the matter was postponed sine die on account of respondent's notice of opposition being received. The respondents were to file their answering affidavits on 7 October 2022 and applicants were to file their replying papers on 21 October 2023. The respondents were to pay the wasted costs on a party and party scale. The plaintiff filed the answering affidavits and subsequently filed their notice of intention to amend their particulars of claim on 14 October 2022. The attorneys filed replying affidavit and subsequently filed Rule 30(2)(b). Application in response to plaintiff's irregular step of filing a notice of intention to amend. The matter was set down on the unopposed motion court roll on 14 March 2023. Closer to the date the attorneys were served with the notice of opposition causing the matter to be removed from unopposed roll and allowing the attorneys to file their answering papers. On 16 April 2023, the attorneys received a letter from the plaintiffs new attorneys requesting indulgence while they withdraw their notice of intention to amend, withdraw their notice of opposition and tender costs for Rule 30(2)(b) application. The attorneys informed the plaintiff's attorneys that the Municipality is not in a position to condone the noncompliance with the Court order upholding the exception and the attorneys are proceeding with the application to dismiss. The plaintiff served the attorney with the withdrawals however there's no mention of costs. The attorneys have enquired about costs and awaiting reply. The Municipality is proceeding with the application to dismiss.	60,000	60,000	60,000	60,000

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
42. Contingencies (continued)				
A contingent was asset due to SNR that filed an urgent application against the Municipality- Interdicting the Municipality from awarding tender 16/2020-21/LG advertised on 1st September 2020 to any of the entities that submitted the tender. And interdicting the 1st and second respondent from performing any works in terms of the SLA and also from making any payments to any appointed bidders in terms of the tender process. CHDM opposed the matter and subsequently settled the matter on the basis that there is an order to set aside the award and remit the BEC report of November 2020 to the BAC. The Municipality has to ensure that the BAC adjudicates within 30 days from the 23rd of November 2021. There might be contempt of Court proceedings if the Municipality does not comply with the Court Order. The Municipality has taxed the wasted costs occasioned by the Applicant bringing the application out of the incorrect Court.	-	62,091	-	62,091
A contingent asset was due to an applicant (a consumer) filed an urgent application against the respondent for an order to reconnect water supply to the applicant's premises. The matter was opposed and the Court struck the matter from the roll with costs in favour of the municipality. The bill of costs was served on the applicants on the 3rd of June 2022	-	70,000	-	70,000
A contingent asset was due after the termination of the contract with Diphatse Trading, the Municipality noticed that the site was left unattended, and informed Diphatse Trading that they would deploy security personnel for the purposes of protecting the Municipality's assets. Upon the deployment of the personnel, Diphatse Trading approached the Court on the basis that they have been dispossessed of the site, and that they would require it to be restored to them. The Court granted the order, but the Municipality subsequently filed an application for leave to appeal, which has been decided in the Municipality's favour. The appeal is still to be prosecuted upon receiving the date of the appeal. Matter joined for hearing	200,000	-	200,000	-
A contingent asset was due to an applicant that seeks an order interdicting and restraining CHDM and restraining 2nd respondent from taking any further steps in the implementation of tender with tender number 8/3/25 2021/2022 bid cluster 4 water supply Backlog Northern Scheme. Matter opposed hearing date 5 July 2022. On 5 July 2022, application withdrawn. The Municipality bill of costs has been drafted and awaits taxation by correspondent attorney. No objections have been received and awaiting taxation date from taxing master.	200,000	-	200,000	-
	640,000	892,091	640,000	892,091

Contingency Liabilities - CHDA**Tender litigation matter**

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

42. Contingencies (continued)

Ongoing litigation matter in process where applicant(Norland Construction has challenged the first respondent(CHDA) and second respondent (Siyalima Civils) in a tender award relating to contract number PLB07/20-21 (Xonxa Machibini pipeline and break pressure tank)The applicant is challenging the tender awarded to Siyalima Civils by CHDA and filed for an interdict suspending operations on site.The applicant filed a request for legal review by the high court of Grahamstown,wher they are persuing remedy by being awarded the tender.

The legal review is currently ongoing and Court has a as yet not made an award or ruling on the matter.CHDA made attempts to settle with applicant out of Court but motion was declined.

A contingent liability arises where CHDA antipates outcome of Court dismissing the remedy sought by the applicant as an internal probity assessment review conducted also confirms that the applicant's bid was non responsive.However due to CHDA's delay in responding to bidder on enquiry of award before commencement of legal processes,it is anticipated that the Court may rule in favour of the applicant,demading that CHDA settles their legal costs.

A Contingent liability thus arises on an estimated amount of R378 820 in legal fees of which payment date is yet unknown. No anticipated court order for payment of damages or other costs.

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
43. Related parties				
Relationships				
Associates				Refer to note
Shareholder with joint control				Name (Proprietary) Limited
Somkoko Mvuyeleni				Member of Jange and Mlungu Civils; Spouse is a member of Kuvala 205 Trading Enterprise
Delubom Lindile				Member of Delubom Transport, L Delubom Trading and MTN Zakhane Shares; Spouse is a member of Lulwazi Trading Enterprise and MTN Zakhane Shares
Makonza Asanda				100% Membership in Seasons Find 1260 CC; Member of Funumbona Construction & Projects
Shasha Mzwamadoda Moses				100% Membership in Safika Rural Development Consultants
Gqodo Zixolisile				Member of GZ Civil Engineering and Member of FC Builders & Construction
Gobeni Nonelela				Director of Hi-Lite Development Agency; Member of Ulutho Funerals
Makwabe Thandisizwe				50% Membership in Mokoti Construction
Tito Sibongile				Director of Smith Tabata
Lucando Bulelani				33% membership in El Shaddai Civil and Building Contractors
Petela Neziwe				Member of Kumbu & Lam Trading Enterprise; Member of Kei Recyclers; Spouse is a member of Cool Ideas
Baatjies Eldridge Denzil				1413 Director in BS Holdings
Nqwemeshe Nomvuyo				Director in BS Holdings
Nkwentsha-Gunuza Lindiwe				Spouse is a member of Liso Security Services & Trading
Gcali Atwel Mthetheleli				Member in Lembede Investments Holdings
Roboji Ncumisa				Sebutha Transport and Catering
Banisi Vuyeka				Member in Ncura's Marcia Roboji
Vellem Siyabulela				Member in Angesisa General Trading
Sigenu Bafo				Director in Mqanjelwa Initiatives
Mbotoloshi Zukile				Member in Nonesi Development
Dywili Mphithizeli Capriot				Spouse is a member of K201115430 (Pty) Ltd
Mhlekwana Amanda				Director of Hope Fountain Investment 268CC
Mnyengeza Ntombikayise Prudence				Phalethu 0513 Event Management
Onela Mbotshane				Member of Brainwave Projects 1538 and Valobex 225. Director of Ntomonde, RSA Bhungane Transport and Tap Tac Trading
Themba Spampoel				Member of Destiny Internet Cafer, Director of Sagodola General Trading
Ncumisa Ncobo				Member of MQFS IT Solutions and Telecommunication and Strive Industries, Director of Strive Investments
Noxolo Ncede				Member of Isiqalo SNN Consulting Agency and Investment, Director of Sigalosethu Trading
Jongumzi Cengani				Member of Divine Watch Protection Construction Agency and Investments, Director of Khetho-Lethu
COUNCILLORS				Director of Kasimmla Industries. Member of Four Us By Us Construction and Development, CMZ Tours, Manga-Manga Trading
Mbali Xolela				REFER TO LIST OF COUNCILLORS DISCLOSED UNDER GENERAL INFORMATION. COUNCILLORS OF THE MUNICIPALITY HAVE RELATIONSHIPS WITH BUSINESSES AS INDICATED BELOW:
				25% Membership in Amabandla Construction

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
43. Related parties (continued)				
Dyantyi Sinethemba Reginald			Director and Founding Member of Happy Valley Abattoir Co-operative Limited; Director of Sanelisa Services; Director of Tlholo Entrepreneur Support Centre, 33.34% membership in Imvelo Agencies	
Gela Wongama			Director of Ithemba Liyaphilisa Financial Services; Director of Sesinethemba Construction; 10% Membership in Silver Solutions 2978; 20% Membership in Sikhuseluluntu Protection and Training Services; 20% Membership in The Best Mining and Transportation Services; 20% Membership in Urafile Trading	
Nyukwana Nomveliso			30% Membership in Liqhakazi Construction and Projects	
Myataza Saziso			Member of Hluthamhlali Multi-purpose Trading	
Venske Robert Wilhelm			50% Sikho Social Development Facilitators	
Tshangana Lungisa			50% Sikho Social Development Facilitators	
MUNICIPAL EMPLOYEES			EMPLOYEES OF THE MUNICIPALITY HAVE RELATIONSHIPS WITH BUSINESSES AS INDICATED BELOW:	
Hlahla Mtibe NNV			Director in Zano-buntu Trading Enterprise, Spouse is a member of Yoyo Trading Enterprise	
MR MM SHASHA- SENIOR MANAGER WSA			Spouse/Partner/Associate NOMALIZO MONICA DAMOYI has an interest in BITLINE SA 1060CC	
			Director in Chris Hani Skills Centre Co-operative, Director in MLT Reno Project,	
			Spouse/Partner/Associate AGNES MAKAZI MATROSS has an interest in MAMA TROSKIE TRADING ENTERPRISE and Izaphetha Trading and Projects	

The remuneration of key management is disclosed in note 22 and Councillors in note 23 of the Annual Financial Statements.

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip, Portfolio Chairperson, MPAC and Mayoral Committee Members are full-time. Each is provided with an office and secretary or administrator support at the cost of the council.

The Executive Mayor, Deputy Executive Mayor and Speaker have use of a council owned vehicle for official duties.

Related party balances

Interest paid to (received from) related parties

Chris Hani Development Agency	165,311,892	49,792,884
Phalethu 0513 Event Management	52,900	-

Related party transactions

Interest paid to (received from) related parties

CHDA Operational Grant	23,913,043	20,869,565
CHDM Investment Summit Grant	320,000	-
CHDM Komani Industrial Park Grant	631,853	2,120,167
CHDM Komani Industrial Park Critical Infrastructure	3,133,542	-
CHDM Irrigation Scheme Grant	599,711	890,249
CHDM Livestock Development Grant	1,451,317	-
CHDM Co-operative Centre Grant	8,000,000	6,099,999
CHDM Beef Infrastructure Grant	-	2,086,375
CHDM Fertiliser Blending Grant	98,791	-
CHDM Coal Mining Exploration Grant	498,809	243,008

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
43. Related parties (continued)				
CHDM Biltong Factory Grant			237,500	-
CHDM Mechanical Workshop Grant			-	545,723
CHDM Economic Infrastructure Grant			-	5,668,768
CHDM Infrastructure Agency Income			9,474,418	15,683,277
CHDM Co-operative Centre Expenditure			(8,630,000)	(13,590,512)

44. Prior period errors

The below is the process that was undertaken in restating the prior year balances:

1. Inventory Water

During the current financial year it was noted that the Inventory water was not accounted in the inventory balance. The municipality did the analysis of all the cost that related to water balance for 2021/2022 and developed the methodology and template for accounting the water inventory. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, in so far as it is stored and controlled in reservoirs at year-end. The calculation was done as per following.

- . Employee Cost – All operators for Chris Hani District
- . Bulk Purchase

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

44. Prior period errors (continued)

- . Electricity
- . Chemicals
- . Depreciation

2. Receivable from exchange transaction

During the current financial year the following errors were identified:

The municipality took an initiative of correcting the billing information from the system, The municipality embarked on a meter verification and customer information to reduce interim charges and ensure that billing is based on actual meter readings.

In the 2021/22 financial year the municipality did not account and measure revenue from service charges as per GRAP 9. The municipality performed an assessment in the current financial year and noted that the errors were caused by the following issues:

- *Customers billed using incorrect rates and incorrect customer type;
- *Incorrect consumption units were used;
- *Some customers were not billed throughout the 2021/22 financial year; and
- *Differences between the age analysis and AFS.

Interest on debtors

The corrections in service charges and receivables from exchange transactions also affected amount of interest charged on overdue accounts. The municipality could not practically apply the retrospective adjustments of the prior year period per GRAP 3 due to impractical application to have a reliable figure. Management identified a limitation on the retrospective adjustments on the interest on debtors in line with GRAP 3 (45). This limitation was due to Interest pertaining to the retrospective adjustment which could not be corrected by retrospective restatement due to impracticability to determine either the period-specific effects or the cumulative effect of the error in providing the reliable figure due to the manner in which the SOLAR billing system calculates the interest in debtors. In accordance with paragraph .46, the municipality will restate the comparative information prospectively from the earliest date practicable.

3. Property plant and equipment

The Sabalele Multi-Purpose Centre was constructed to Chris Hani District Municipality but there were challenges in valuing the property for the purpose of including in the Fixed Asset Register.

Physical verification was conducted to determine the components that can be included in the fixed asset register, as well as confirming the condition of each asset identified. Further steps were taken to value the assets using the Depreciated Replacement Cost method. The valuation of the asset and/or components was based on their conditions as well as their current replacement costs.

The depreciated replacement cost (DRC), which is an accepted fair value calculation method was used to determine the Fair Value /Deemed Cost. (Refer to the asset verification and valuation methodology).

The 2021/22 Financial statements have been adjusted to include the Sabalele Multi-Purpose Centre asset at 30 June 2022 at the following depreciated Replacement cost:

The municipality was not able to determine the exact purchase or completion date and as a result it was not practically possible to allocate the restatement figure between cost and accumulated depreciation as at 30 June 2022. Management decided to include the depreciated replacement cost as additions for the 2021/2022 financial year in line with GRAP 3. The method applied by municipal management will not change the depreciated replacement cost as at 30 June 2022.

Heritage Assets

On the Sabalele Multi – Purpose Centre it was also noted that there was a statue that need to be considered on the fixed asset register. The statue was tested against GRAP 103 and met the definition and recognition requirements of a heritage asset per

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

44. Prior period errors (continued)

GRAP 103. The consideration was made and treated as heritage asset amounting to R962 961.00 in line with the GRAP standard.

PPE – Depreciation (Prior Period Adjustment)

Depreciation for additions during the 2021/22 financial period was reviewed and revised. The additions to the asset register were previously depreciated using months instead of days, resulting to inaccuracies in depreciation.

Review was done on all additions and depreciation recalculated resulting to the adjustment of depreciation in the prior year amounting to R34 078.17.

Work-in-progress (WIP)

During the current financial year, it was identified that the amount recorded as the transfer out from the Work-in-progress register did not reconcile with the amount spent up to date (date of completion) as per last payment certificate, though the finding was resolved however the municipality did another analysis of WIP vs the last payment certificate.

The whole population for 2021/22 financial year was analysed and a detailed review of prior year WIP was done and projects that were previously not transferred out were identified and adjusted for. Expenditure that was previously not capitalised was identified and capitalised to WIP resulting in a total adjustment of R16 239 964.36. This was done in line with GRAP 17. The capital WIP transferred out was understated in the 2021/22 financial period by R4 109 600.07. Invoices amounting to R2 541 302.62 were received in the 2022/23 financial year for expenditure relating to the previous years. Projects that were completed in the previous years were R14 671 666.91.

4. Payable from exchange transaction

The municipality conducted the investigation of payment vouchers paid during 2022 /23 for the period ended 2022 and identified some invoices that are related 2022 financial year and corrected the payable cut off by passing the journals amounting to R2 898 141.00 for correction in the system.

5. Vat Payable

Analysis of vat input and vat output was conducted including the opening balance and the correction was made and some correction on payable identified amount to R 107 731 664.00.

6. Service Charges

The municipality took an initiative of correcting the billing information from the system,

The municipality embarked on a meter verification and customer information to reduce interim charges and ensure that billing is based on actual meter readings.

In the 2021/22 financial year the municipality did not account and measure revenue from service charges as per GRAP 9. The municipality performed an assessment in the current financial year and noted that the errors were caused by the following issues:

- *Customers billed using incorrect rates and incorrect customer type;
- *Incorrect consumption units were used;
- *Some customers were not billed throughout the 2021/22 financial year; and
- *Differences between the age analysis and AFS.

After all the corrections were affected the prior year Revenue was corrected accordingly with the amount of R16 823 946.00

7. Debt Impairment

During the correction of the billing services, it was identified that the previous year calculation was understated, and recalculation was performed hence there is a restatement of R 14 804 928.00

8. Employee related cost

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

44. Prior period errors (continued)

During the correction of water inventory , employee related costs relating to water department (Water Operators) were affected as we reclassify their salaries to inventory consumed. After all the correction affecting the employee related reduce by R 21 534 014.00

9. Depreciation

During the correction of water inventory , depreciation relating to water treatment were affected as we reclassify the depreciation to inventory consumed. After all the correction affecting the water depreciation reduce by R 17 999 423.00

10. Contracted Services

There were transactions which were incorrectly captured in the accounting records, inclusive of VAT. The whole population from July 2022 until June 2023 was analysed via general ledger and payment voucher to ensure that these payments are recorded in the correctly exclusive of VAT and correct financial year. Then journals have been prepared and processed to correct this expenditure. The corrections amounting to R667 406.00

11. General Expenses

During 2022/23 the analysis of payment voucher was performed and there are errors that was identified that there was payment made in the current year 2023 which was part of 2022 that caused the understated of payables. The correction of water inventory for water treatment work is also reduced the electricity amount included in inventory consumed. The corrections were amounting to R47 908 078.00 that include the changes on of the department electricity.

12. Bulk Purchase / Water Inventory Consumed

During the 2021/22 financial year water inventory was incorrectly accounted as bulk purchase was not consider on the inventory at year. The bulk Purchase was included in the inventory consumed.

13. Transfer and subsidies

During the 2022/2023, it was identified that Engcobo amounting to R856, 946.00 was overstated and correction need to be made to CHDA vote and also CDC was overstated by R2,500,000.00. The correction of VIP toilet that was disclose in the WIP amounting to R9,211,729.19. The population was conducted on transfers and subsidies and identification of animal care payment was made to CHDA amounting to R58,130.00. The correction amounting to R10,720,849.00.

14. Retention

During 2022/ 2023 the retention register population was reviewed, and it was identified that there were projects paid but still in the retention liability and some of the projects were terminated and the retention was no longer applicable. The amount correcting is R 1 996 431.00

15. Commitments

During the 2022/2023 financial year there were errors identified in the commitment register. CHDM Commitments / Consultants and CHDA implemented projects. The entire population was revisited, and the following were identified; The correction of Building amounting to R 3,407,871.00 which was understated, Infrastructure that was understated by R 35 622 748,15. CHDA projects were overstated by R11 884 256,86. The below table illustrate the work done.

16. Receivable from non-exchange transactions

During the 2022/2023 financial year it was identified that receivable from non- exchange transaction was having a reclassification on other debtors because of transaction that was negative in 2021/22 financial year now is positive amounting to R175 736.00

17. Accumulated Surplus

After all the analysis conducted on the statement of financial position the accumulated surplus increase with R133 828 630.00 for the financial year 2021/2022

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

44. Prior period errors (continued)

Statement of Financial Position	As previously reported	Correction of error	Restated
1. Inventories	-	20,918,184	19,721,037
2. Receivables from exchange transactions	-	355,733,717	371,204,525
3. Property, Plant and Equipment	-	4,927,837,107	4,941,305,861
4. Payables from exchange transactions	-	(298,697,188)	(301,595,329)
5. VAT Payables	-	(120,046,857)	(12,315,193)
16. Receivables from non-exchange	-	58,194,283	58,370,019
3. Heritage	-	-	962,961
17. Accumulated surplus	-	4,949,931,053	5,083,759,683
	-	9,893,870,299	10,161,413,564

Statement of Financial Performance	As previously reported	Correction of error	Reclassification	Restated
6. Service charges	369,105,158	16,823,946	-	385,929,104
7. Debt Impairment	335,285,703	14,804,928	-	350,090,631
8. Employee related costs	407,021,629	(21,534,014)	-	385,487,615
9. Depreciation	159,816,198	(5,020,594)	-	154,795,604
10. Contracted services	204,440,938	667,406	-	205,108,344
11. General expenses	162,224,327	(47,908,078)	-	114,316,249
12. Bulk purchase	38,772,847	(38,772,847)	-	-
12. Water inventory consumed	-	115,687,007	-	115,687,007
13. Transfer and subsidies	70,364,848	10,720,849	(798,816)	80,286,881
	1,747,031,648	45,468,603	(798,816)	1,791,701,435

Statement of financial position

Cash and cash equivalents	303,520	303,679	-	-
Principal agent receivables	1,898,396	-	-	-
Principal agent payables	3,972,282	3,852,382	-	-
Provisions	-	44,200	-	-

Statement of financial performance

Project income	8,004,758	6,099,999	-	-
Legal fees	-	628,066	-	-
Project expenditure	(8,000,000)	(6,099,999)	-	-

45. Risk management - CHDM

Financial risk management

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

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

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

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

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

45. Risk management - CHDM (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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 by maintaining adequate reserves and banking facilities. The budget and treasury office monitors the cashflow requirements on a regular basis.

The municipality's cashflows consist of short term deposits and current accounts with notice periods of 30 days or less. Due to the short term nature of the portfolio a maturity analysis is not required.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the municipality. Due to the nature of the municipality's operations, the municipality has an obligation to provide services to all qualifying people in its area. As such, the municipality is not able to select only credit worthy counterparts

Credit risk consists mainly of cash deposits, cash equivalents, investments and trade debtors.

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The existing trade receivables portfolio has historically been significantly impaired as a result of a number of contributing factors. Trade receivables are thus presented net of an allowance for impairment

Except for trade and other receivables which have already been impaired, the following financial assets are exposed to limited credit risk at year end:

Financial instrument	Economic entity - 2023	Economic entity - 2022	Controlling entity - 2023	Controlling entity - 2022
Cash and cash equivalents	119,511,400	179,602,925	105,677,729	179,299,853

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Risk Management - CHDA

Liquidity risk

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

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other Payables	R2 162 798	-	-	-
At 30 June 2022				
Trade and other Payables	R 9 530 397			

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

45. Risk management - CHDM (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity has noted a possible risk arising from holding deposits with one well established financial institution. The are plans to diversify investment portfolio to better manage risk exposure.

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

	2023	2022
Financial instrument		
Receivables from exchange transactions	21 206 917	21 798 758
Cash and cash equivalents	13 833 671	303 520

46. Going concern

CHDM

These financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for atleast the next 12 months.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The municipality do have a stable and growing revenue base although it was slower than projected five years ago.

We draw attention to the fact that at 30 June , 2023, the municipality had an accumulated surplus (deficit) of R 5 477 477 277 and that the municipality's total assets exceed its liabilities by R 5 477 477 277.

CHDA

We draw attention to the fact that at 30 June 2023, the entity had an accumulated deficit of R (500 133) the entity's total assets exceed its liabilities by 21 133 184

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the entity.

47. Events after the reporting date

No subsequent events identified during 2022/23 financial year for both entities .

48. Unauthorised expenditure

Unauthorised expenditure - Opening balance	424,610,614	1,009,094,709	424,610,614	1,009,094,709
Unauthorised expenditure - current	344,076,508	286,923,719	344,076,508	286,923,719
Unauthorised expenditure write-off	(421,859,841)	(871,407,814)	(421,859,841)	(871,407,814)
Closing balance	346,827,281	424,610,614	346,827,281	424,610,614

During the current year, Council resolved to write off R137 686 895 relating to 2016/2017 that was incurred during mSCOA implementation and R284 172 946 realates to 2021/2022 that was incurred due to impairment loss and financial constraint due to inability of Revenue collection, totalling to R421,859,841. Council certified that the Unauthorised expenditure was irrecoverable and approved the write-off as per the recommendation by MPAC after an investigation. Refer to Council Resolution C1258

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
49. Fruitless and wasteful expenditure				
Fruitless and wasteful expenditure - Opening balance	5,585,232	5,534,462	2,853,517	4,592,000
Current year	508,059	4,003,991	491,909	2,842,204
Amount written-off	(4,128,480)	(4,580,687)	(3,258,733)	(4,580,687)
Less: Amount recovered - prior period (CHDA)	-	(600)	-	-
Add: Legal fees	567,700	628,066	-	-
Closing balance	2,532,511	5,585,232	86,693	2,853,517

Fruitless and Wasteful was submitted to Council and Council resolved that the MPAC to investigate and report back to Council the outcomes of the investigation. The council certified that the Fruitless and Wasteful was irrecoverable and approved the write off. Opening balance, prior year and current year Fruitless and Wasteful has been written off as per council resolution C1239.

50. Irregular expenditure

Opening balance as previously reported	7,276,283	6,722,339	5,472,931	4,928,675
Opening balance as restated	7,276,283	6,722,339	5,472,931	4,928,675
Add: Irregular Expenditure - current	35,278,541	47,468,942	35,278,541	47,468,942
Add: Irregular Expenditure - prior period	135,089,388	12,785,500	135,089,388	12,785,500
Less: Amount written off	(88,471,426)	(59,710,186)	(88,471,426)	(59,710,186)
Add: Irregular Expenditure - Unapproved salary increment	1,191,608	-	-	-
Add: Irregular Expenditure - Three quotes and SCM delegations	192,924	-	-	-
Add: Irregular Expenditure - Award for the use of consultant	450,000	-	-	-
Add: Irregular - Variation Order	-	9,688	-	-
Closing balance	91,007,318	7,276,283	87,369,434	5,472,931

A total SCM non-compliance incurred in prior year has amounted to R 37 205 969, which has as yet not been treated under provisions delineated for consequence management. This is disclosed under principal-agent transactions, as irregular expenditure relates to irregular expenditure incurred from Infrastructure principal agent transaction disclosed by the principal.

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
50. Irregular expenditure (continued)				
Details of irregular expenditure – current year				
1. Contract exceeded its duration and the scope of work was extended without following proper processes of section 116 of the MFMA	-	-	127,895,075	43,259,881
2. Contract irregularities identified by IA at CHDA	-	-	4,332,800	-
3. The Municipality did not ensure that remuneration to senior managers is in line with the approve Government Gazzette	-	-	2,661,567	4,029,144
4. The supplier was awarded 20 points for BBBEE even though the submitted certificate stated that the supplier status is non-compliant.	-	-	-	179,917
5. The requirements for local content and production were not stipulated in all bid document	-	-	199,946	-
	-	-	135,089,388	47,468,942

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
50. Irregular expenditure (continued)				
Details of irregular expenditure - Prior year				
1. The Municipality did not ensure that remuneration to senior managers is in line with the approve Government Gazette.	-	-	2,405,371	2,405,371
2. Contract irregularities identified by IA at CHDA	-	-	32,873,170	-
3. Management traded with the supplier that has been non tax compliant since 11 July 2020, and therefore was non-compliant at the final award.	-	-	-	608,621
4. Management used pre evaluation conditions in evaluating the quotations received on the evaluation report dated 15 February 2021 approved by Senior Manager SCM that were not included on the RFQ No: 285/2020-2021/YD (LL) resulting in a disqualification of the quotation of Mjoji Technologies that met the pre-evaluation conditions and was cost effective as they quoted less amount than other quotations	-	-	-	110,000
5. Management awarded persons in the service of the state	-	-	-	86,409
6. Management contracted security services on month-to-month basis, splitting the contract values to lesser values.	-	-	-	9,575,099
	-	-	35,278,541	12,785,500

Irregular Expenditure was submitted to Council and Council resolved that the MPAC to investigate and report back to Council the outcomes of the investigation. The council certified that the irregular expenditure was irrecoverable and approved the write off . The council was also satisfied that the the municipality received value for the expenditure incurred
Opening balance, prior year and current year Irregular Expenditure has been written off as per council resolution C1257.

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

50. Irregular expenditure (continued)

During the year under review (2023) it was noted that the irregular expenditure for 2022 was understated with CHDA amounting to R32,873,170.00 and remuneration of senior manager not in-line with the approved government gazette amounting to R 2,405,371.00. The total irregular exoenditure identified in the current year from the prior year amounts to R35,728,541.00

51. Additional disclosure in terms of Municipal Finance Management Act

SALGA

Current year subscription / fee	3,920,265	3,973,765	3,920,265	3,973,765
Amount paid - current year	(3,920,265)	(3,973,765)	(3,920,265)	(3,973,765)
	-	-	-	-

Audit fees

Opening balance	4,176,705	3,612,659	4,176,705	3,612,659
Current year subscription / fee	9,449,148	9,372,558	9,449,148	9,372,558
Amount paid - current year	(13,321,205)	(9,372,558)	(13,321,205)	(9,372,558)
	304,648	3,612,659	304,648	3,612,659

PAYE and UIF

Current year subscription / fee	69,173,404	63,714,202	69,173,404	63,714,202
Amount paid - current year	(69,173,404)	(63,714,202)	(69,173,404)	(63,714,202)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	60,716,764	52,891,807	60,716,764	52,891,807
Amount paid - current year	(60,716,764)	(52,891,807)	(60,716,764)	(52,891,807)
	-	-	-	-

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2023:

June 30, 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor RW Venske	-	76,771	76,771

52. Deviation from supply chain management regulations

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

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

CHDM

There were no deviations during 2022/2023 financial year.

CHDA

1. Emergency Case which amounts to R 67 942
2. Exceptional Case which amounts to R R 681 234.

53. Segment information

General information

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

53. Budget differences - CHDM (continued)

Identification of segments

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.

The reportable segments identified are those functional segments reported in the Government Finance Statistics (GFS's) format and the Municipal Vote (Departmental) format per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the monthly section 71 reports which are reviewed by the executive management. The Government Finance Statistics (GFS's) format allows for universal comparability of segments. The main factors considered in selecting the segments were the level of comparability with other preparers and a level of aggregation that does not detract from presenting the separate revenue or service delivery components.

The report will not be aggregated except for the Governance and Administration.

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

The segmental report surplus or deficit reviewed by management in the monthly section 71 report does not comprise all of the details as indicated by the standard and are thus not presented. Management reviews the performance on an aggregated basis of total revenue and total expenditure. The assets and liabilities are not reviewed at all on a segregated basis.

The reporting measurement basis for the management reports is the same as that of the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information has not been presented in terms of the transitional provisions contained in Directive 3.

Aggregated segments

The municipality operates throughout the District (Chris Hani). Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Eastern Cape were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Segment 1	Water and Sanitation

Notes to the Chris Hani District Municipality

Figures in Rand

53. Budget differences - CHDM (continued)

Segment surplus or deficit, assets and liabilities

Controlling entity - 2023

	Water and Sanitation	Total
Revenue		
Revenue from non-exchange transactions	425,660,539	425,660,539
Revenue from exchange transactions	842,776,178	842,776,178
Interest revenue - on debtors	162,747,134	162,747,134
Total segment revenue	1,431,183,851	1,431,183,851
Entity's revenue		1,431,183,851
Expenditure (Non Cash items and material items)		
Depreciation and Amortisation	150,796,541	150,796,541
Impairment Loss	30,945,347	30,945,347
Employee Related Cost	110,615,718	110,615,718
Inventory Water-consumed	127,839,324	127,839,324
Debt Impairment	405,017,000	405,017,000
Bad debts	86,657,478	86,657,478
Other expense	149,735,263	149,735,263
Total segment expenditure	1,061,606,671	1,061,606,671
Total segmental surplus/(deficit)	369,577,180	369,577,180
Assets (Current and Non-current)		
Inventories	13,345,194	13,345,194
Receivables from exchange transactions	428,698,419	428,698,419
Receivables from non-exchange transactions	58,011,517	58,011,517
Property Plant and Equipment	5,247,543,842	5,247,543,842
Total segment assets	5,747,598,972	5,747,598,972
Total assets as per Statement of financial Position		5,747,598,972

Notes to the Chris Hani District Municipality

Figures in Rand

53. Budget differences - CHDM (continued)

Liabilities

	Water and Sanitation	Total
Payables from exchange transactions	46,615,027	46,615,027
Consumer deposit	904,417	904,417
Unspent Conditional Grants	32,502,714	32,502,714
Total segment liabilities	80,022,158	80,022,158
Total liabilities as per Statement of financial Position		80,022,158

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Controlling entity - 2022

	Water and Sanitation	Total
Revenue		
Revenue from non-exchange transactions	657,903,638	657,903,638
Interest Revenue - On Debtors	94,589,300	94,589,300
External Revenue from Exchange Transaction	385,929,103	385,929,103
Total segment revenue	1,138,422,041	1,138,422,041
Entity's revenue		1,138,422,041
Expenditure		
Depreciation & Amortisation	141,698,613	141,698,613
Material Items of Expense	99,898,261	99,898,261
Material Items on Non- Cash Items	329,189,633	329,189,633
Total segment expenditure	570,786,507	570,786,507
Total segmental surplus/(deficit)	567,635,534	567,635,534

Notes to the Chris Hani District Municipality

Figures in Rand

53. Budget differences - CHDM (continued)

Assets

Segment assets	589,937,188	589,937,188
Total assets as per Statement of financial Position		589,937,188

Liabilities

Segment liabilities	203,370,422	203,370,422
Total liabilities as per Statement of financial Position		203,370,422

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

54. Budget differences - CHDM

Classification

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

54. Budget differences - CHDM (continued)

Service Charges	The variance is 5% as compared to the budget, the variance is as a result of the increase in tariff rates and billing data analysis that was done by the municipality in the current financial year.			
Other Income	The variance is due to a delay in the SARS VAT Audit on the VAT Income on conditional grants. An amount of R260,816,182 was budgeted for the VAT Income which had a material effect on the underspending in Other Income.			
Interest Income	The variance between actual and budget is 27%, which is due to an increase from interest from debtors due to increase in debtors. Furthermore, the interest from investments earned from the bank balance increased due changes in the prime interest rates during the 2022/23 financial year.			
Gains and Disposal of Assets	The variance was due to assets that could not be traced on the floor during physical verifications and therefore were written off. Further the money recovered through auction was less than carrying value of the assets auctioned.			
Total Revenue from Exchange				
Transfer Revenue				
Government Grants & Subsidies	The variance is due to RBIG projects that were planned for the current financial year but could not be fully completed during the 2022/2023 financial period which therefore resulted into an unspent conditional grant which the municipality has subsequently applied to be roll-over to the 2023/2024 financial period.			

Notes to the Chris Hani District Municipality

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
54. Budget differences - CHDM (continued)				
Total Revenue				
Expenditure				
Employee Related Costs	The over expenditures were as a result of performance bonus, medical aid contributions, leave pay provision and overtime that were over budget in the current financial year.			
Remuneration of Councillors	Although the variance is immaterial, this is as a result of under recovery due to cell phone allowance to the councillor . This is aligned as far as possible to be aligned to the budget hence the small variance.			
Depreciation and Amortisation	The variance is as result of the certain assets being recorded at year end. This is aligned as far as possible to be aligned to the budget hence the small variance.			
Debt Impairment	The variance is due an increased in debtors balance. There was a huge increase in outstanding balances that were past overdue and qualified for debt impairment.			
Finance Costs	The variance is due to a decrease from Eskom debt that was paid during the current financial year.			
Inventory Water - Consumed	The variance is due to the recalculation of the water inventory using a new methodology. The calculation of inventory-water consumed was also affected by increase in revenue, as the calculation is also based on units of water sold.			
Contracted Services	This is a result of the underspending on the outsourced services such as repairs and maintenance, business and financial expenditures. These are influenced by numerous factors such as slow pace on the expenditure, completion of the works by service providers, delays on the availability of materials from service providers, lead time it takes for the service to be completed.			
Transfers and Subsidies	The variance was due to VIP toilets that were completed in the current financial year, therefore the expenditure was transferred from WIP to transfers and subsidies as the projects were completed and transferred to beneficiaries more than the budget.			
General Expenses	The under spending is due to certain operational projects that could not be implemented such as subsidy that is provided to the CHDA entity due to various reasons including financial constraints. The municipality is also implementing cost containment measures to ensure that operational expenditure is managed effectively and effeciently.			
Loss on Disposal of assets & liabilities	The variance was due to assets that could not be traced on the floor during physical verifications and therefore were written off. Further the money recovered through auction was less than carrying value of the assets auctioned.			
Impairment Loss	The variance was due to poor condition of the infrastructure assets that was identified during physical verifications. The condition of the assets was worse than anticipated.			
Actuarial gains / losses	The municipality did not make a provision for employee benefit obligation as this is an assumption of gains or loss at the end of the financial year.			

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

54. Budget differences - CHDM (continued) Surplus

Budget Differences - CHDA

Material differences between budget and actual amounts

42.1 Project Income-The difference is due to four project costs that are overspending at the end of the financial year.

42.2 Tender Fees-There was only one Tender issued for the 2022/2023 Financial year.

42.3 Other Income-The difference is due to receiving Agency fees for CHDM Infrastructure that was higher than budgeted for

42.4 Government Grants-The difference is due to VAT as the Parent Municipality includes VAT in their Budget.

42.5 Personnel-Difference is due to the vacancy rate of the Agency

42.6 Interest and Penalties-This is due to interest is charged by various suppliers for late payment and Penalties.

42.7 Project Cost Internal- This is due to Anticipated projects not moving as desired for the current financial year.
Additional text

55. Accounting by principals and agents - CHDM

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

Entity as principal

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

The resources have been recognised by the municipality in its financial statements.

Fee paid

Fee paid as compensation to the agent (30 June 2023)	7,584,196	15,362,733	7,584,196	15,362,733
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These agency are as per the Memorandum of Understanding that states 10% to be paid in each invoice claimed by the agent and move from operating cost or general expense to WIP.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

55. Accounting by principals and agents - CHDM (continued)

The parties may renew this MOU for a further period of three(3) years, provided that written agreement to that effect is achieved prior to the expiry thereof. The MOU can be terminated by either party upon the provision of 90 days' written notice to the other party with no cost implications.

Accounting by principals and agents - CHDA

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

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

1.The entity is the agent of Chris Hani District Municipality by performing activities that are outside of their mandate.

CHDM made an agreement with CHDA for implementation of identified infrastructure projects on behalf of CHDM. There is a Memorandum of Agreement signed by both parties where it details the obligation of the CHDM and CHDA.

CHDA submits an invoice that contains a payment certificate from a professional engineer, which shows work that has been measured in line with the bill of quantities. CHDA charges a 10% management fee of the value of every contractor and professional fee claimed certificate.

2.The entity is the agent of Eastern Cape Department of Rural Development and Agrarian Reform (ECDRDAR) by performing activities that are outside of their mandate.

CHDA received funds to implement payroll function on behalf of department via ECRDA to pay irrigation scheme personnel. 100% of payroll costs are transferred to the scheme personnel, except for the 10% project implementation commission charged by CHDA to cover its admin fees

3.The entity is the agent of Construction Education and Training Authority (CETA Apprenticeship) by performing activities that are outside of their mandate.

CHDA implements skills programmes that benefit local youth working with the CETA. CHDA charges an implementation fee. CHDA has to spend, and claim back and is refunded at 100% of implementation fees

4.The entity is the agent of Construction Education and Training Authority (CETA Internship) by performing activities that are outside of their mandate.

CHDA implements skills programmes that benefit local youth working with the CETA. CHDA charges an implementation fee. CHDA has to spend, and claim back and is refunded at 100% of implementation fees.

5.The entity is the agent of the Chris Hani District Municipality by being a party in a tri-partite agreement on corporative development. CHDM entered into agreement with CHDA and CHCDC. This agreement allows for cooperative operational funds to be paid via CHDA. The agency fee is charged by CHDA on the transfer of funds.

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

55. Accounting by principals and agents - CHDM (continued)

Entity as agent

1.The parties may renew this MOU for a further three(3) years,provided that the written agreement to that effect is achieved prior to the expiry thereof.The MOU can be terminated by either party upon the provision of 90 days written notice to the other party with no cost implications

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is CHDM Infrastructure R9 474 417.88 (2022: R15 683 277.38),ECDRDAR R199 640.80 (2022:R82 390.98),CETA R249 313.19 2022:R109 779.20 and CHCDC R 8 000 000(2022: R6 099 999)

Additional information

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

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

Notes to the Chris Hani District Municipality

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
55. Accounting by principals and agents - CHDM (continued)				
Amount of revenue received on behalf of the principal during the reporting period				
CHDM Infrastructure Project	137,090,353	110,992,612	-	-
ECDRDAR	2,189,449	906,301	-	-
CETA- Apprenticeship	1,406,631	2,141,786	-	-
HWSETA	34,525	2,835	-	-
CETA-Internship	213,539	-	-	-
LGSETA	1,084,497	-	-	-
CHDM Co- Operative support(CHCDC)	8,000,000	6,099,999	-	-
CHDM Mechanical Workshop	-	545,723	-	-
	150,018,994	120,689,256	-	-
Unspent funds				
HWSETA	21,654	29,129	-	-
LGSETA	48,621	90,771	-	-
	70,275	119,900	-	-
Amount of expenses paid on behalf of the principal during the reporting period				
CHDM-Infrastructure Project	95,223,219	155,355,610	-	-
ECDRDAR	1,899,465	1,968,538	-	-
CETA	1,437,229	1,419,936	-	-
HWSETA	42,000	4,759	-	-
CHDM Co- Operative support(CHCDC)	8,000,000	6,099,999	-	-
CHDM Mechanical Workshop	-	545,723	-	-
	106,601,913	165,394,565	-	-
Receivables				
CHDM-Infrastructure Project	2,495,865	44,362,999	-	-
ECDRDAR	415,174	505,517	-	-
CETA-Apprenticeship	37,093	6,495	-	-
DEA	608,638	840,663	-	-
CETA-Internship	21,662	-	-	-
	3,578,432	45,715,674	-	-