CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

Chris Hani District Municipality
Consolidated Annual Financial Statements
for the year ended 30 June 2024

General Information

Legal form of entity	Chris Hani 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 Regulatuons 2005. - The Constitution of South Africa. - Water Services Act 108 of 1997.
Mayoral committee	
Executive Mayor	Cllr. L. Sizani - Executive Mayor from 01/09/2023
	Cllr. W. Gela from 30/11/2021 until 31/08/2023
	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. L. Sizani: Portfolio Head - Budget & Treasury Office from 01/06/2023 until 31 August 2023
	Cllr: S. Lali: Portfolio Head - Health & Community Services from 30/11/2021 to 30/11/2023
	Cllr: S. Lali: Portfolio Head - Budget & Treasury Offices from 01/12/2023
	Cllr. M. A. Fatyela - Portfolio Head - Health & Community Services from 01/12/2023
	Cllr. N.F. Papiyana: Portfolio Head - Intergrated Planning & Economic Development from 23/05/ 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

General Information

	Cllr: N.S. Mdumata Cllr: N. Nomfombo 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. Mzandis Cllr: V. Filana Cllr: X. Kani Cllr: Z. Simawo Cllr. S. Nxozi Cllr. B. Simina Cllr. N. Mnqanqeni
Grading of local authority	Grade 5
Accounting Officer	Mr. G. Mashiyi
Chief Finance Officer (CFO)	Mr. C. Mapeyi
Bankers	First National Bank
Auditors	Auditor General South Africa Registered Auditors
Attorneys	McWilliams & Elliott Incorporated Px Limba Attorneys Inc, S Booi and Sons J Modi Attorneys Jolwana Mgidlana Inc. Mjenxane Attorneys Inc. Wesley Pretorius and Associates Inc.
Chief Executive Officer (CEO) - CHDA	Mr Abongile Hala
Chief Financial Officer (CFO) - CHDA	Ms Flicker Tiso

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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
CRR	Capital Replacement Reserve
MEC	Member of executive council
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SALGA	South African Local Government Association

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 annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and was given unrestricted access to all financial records and related data.

The Consolidated Annuaal 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 municipality 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 municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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 annual financial statements. 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 municipality’s cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Improved revenue collection through implementation of data cleansing and meter audit projects would ensure decrease in outstanding debtors and increase in cash reserves available to fund budgeted expenditure.

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

The Accounting Officer would like to bring to your attendtion the following material matters to your attention

The Accounting Officer certify that the salaries, allowances and benefits of councillors as disclosed in note 23 & 24 to these Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act; Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The consolidated annual financial statements set out on page 5 of 105, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 September 2024 and were signed on its behalf by:

Mr. G. Mashiyi
Accounting Officer

Statement of Financial Position as at 30 June 2024

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023	2024	2023
Assets					
Current Assets					
Inventories	13	22 621 379	13 636 700	22 621 379	13 636 700
Principal Agent Receivable		1 446 051	2 278 628	-	-
Operating lease asset	7	14 178	-	14 178	-
Receivable from exchange transactions	14	1 998 665	2 366 723	-	-
Receivables from non-exchange transactions	15	122 696 769	75 432 159	122 696 769	75 432 159
Prepayments	12	1 019 298	1 736 371	1 004 075	1 707 796
Receivables from exchange transactions	17	440 998 348	166 321 349	440 998 348	166 321 349
Cash and cash equivalents	18	23 242 983	119 511 400	20 442 357	105 677 729
		614 037 671	**381 283 330**	**607 777 106**	**362 775 733**
Non-Current Assets					
Investment property	2	468 350	1 244 658	-	-
Property, Plant & Equipment	3	5 709 027 583	5 369 206 657	5 694 925 942	5 350 668 037
Intangible assets	4	3 544 704	3 554 159	3 544 704	3 554 159
Heritage assets	6	962 961	962 961	962 961	962 961
Investments in controlled entities	5	-	-	1 500 000	1 500 000
		5 714 003 598	**5 374 968 435**	**5 700 933 607**	**5 356 685 157**
Total Assets		**6 328 041 269**	**5 756 251 765**	**6 308 710 713**	**5 719 460 890**
Liabilities					
Current Liabilities					
Payables from exchange transactions	8	431 225 712	347 440 284	426 897 188	345 506 416
VAT payable	9	49 022 425	48 421 043	37 006 384	34 029 903
Consumer deposits	10	1 079 583	904 417	1 079 583	904 417
Employee benefit obligation	11	5 888 073	5 388 000	5 888 073	5 388 000
Unspent conditional grants and receipts	21	26 516	32 502 714	26 516	32 502 714
Provisions	22	83 222 815	84 718 104	81 475 475	81 475 475
Principal Agent Payables		439 811	14 954 112	-	-
Bank overdraft	18	16 249	453	-	-
		570 921 184	**534 329 127**	**552 373 219**	**499 806 925**
Non-Current Liabilities					
Employee benefit obligation	11	91 128 599	77 660 000	91 128 599	77 660 000
Total Liabilities		**662 049 783**	**611 989 127**	**643 501 818**	**577 466 925**
Net Assets		**5 665 991 486**	**5 128 958 806**	**5 665 208 895**	**5 139 421 295**
Share capital / contributed capital	19	1 000	1 000	-	-
Accumulated surplus	20	5 665 991 486	5 128 958 806	5 665 208 895	5 139 421 295
Total Net Assets		**5 665 991 486**	**5 128 958 806**	**5 665 208 895**	**5 139 421 295**

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023	2024	2023
Revenue					
Revenue from exchange transactions					
Service charges	24	343 294 446	405 634 467	343 294 446	405 634 467
Mechanisation Centre Income		701 192	773 006	-	-
Tender Fees		3 600	1 800	-	-
Other income CHDA		1 454 481	2 134 763	-	-
Other income - CHDM	27	24 362 534	473 345	24 362 534	473 345
Interest received - investment	28	204 620 802	179 820 130	204 380 754	179 650 977
Total revenue from exchange transactions		**574 437 055**	**588 837 511**	**572 037 734**	**585 758 789**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	30	1 389 270 684	1 502 542 738	1 389 270 554	1 502 542 738
Total revenue	23	**1 963 707 739**	**2 091 380 249**	**1 961 308 288**	**2 088 301 527**
Expenditure					
Employee related costs	31	(430 035 023)	(410 315 582)	(412 069 313)	(394 559 702)
Remuneration of councillors	32	(13 842 491)	(12 541 962)	(13 842 491)	(12 541 962)
Depreciation and amortisation	33	(172 863 778)	(161 435 939)	(168 280 136)	(156 733 437)
Finance costs	35	(951 219)	(6 372 673)	(473 443)	(2 304 403)
Lease rentals on operating lease	25	(253 487)	(162 047)	-	-
Debt Impairment	36	1 033 218 963	(571 753 754)	1 033 218 963	(571 753 754)
Bad debts written off		(1 226 732 051)	(86 657 478)	(1 226 732 051)	(86 657 478)
Inventory Consumed - Water	38	(160 753 927)	(127 348 149)	(160 753 927)	(127 348 149)
Contracted services	39	(288 406 085)	(220 925 293)	(288 406 085)	(220 925 293)
Transfers and Subsidies	29	(45 018 537)	(30 096 054)	(83 669 308)	(65 348 706)
Project cost - internal programs		(1 523 551)	(3 322 060)	-	-
General Expenses	37	(125 284 878)	(122 549 793)	(114 827 844)	(112 850 098)
Total expenditure		**(1 432 446 064)**	**(1 753 480 784)**	**(1 435 835 635)**	**(1 751 022 982)**
Operating surplus		**531 261 675**	**337 899 465**	**525 472 653**	**337 278 545**
Gain (loss) on disposal of assets and liabilities		2 422 229	(4 399 978)	2 422 229	(4 399 978)
Actuarial gains/losses	11	(2 674 146)	8 484 000	(2 674 146)	8 484 000
(Impairment loss) Reversal of impairments	34	(157 591)	(32 117 226)	566 234	(32 117 226)
		(409 508)	**(28 033 204)**	**314 317**	**(28 033 204)**
Surplus for the year		**530 852 167**	**309 866 261**	**525 786 970**	**309 245 341**

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus / deficit	Total net assets
Economic entity			
Balance at 01 July 2022	**1 000**	**5 161 607 729**	**5 161 608 729**
Changes in net assets			
Prior Adjustment	-	(342 515 184)	(342 515 184)
Net income (losses) recognised directly in net assets	-	(342 515 184)	(342 515 184)
Surplus for the year	-	309 866 261	309 866 261
Total recognised income and expenses for the year	-	(32 648 923)	(32 648 923)
Total changes	-	(32 648 923)	(32 648 923)
Balance at 01 July 2023	**1 000**	**5 128 958 806**	**5 128 959 806**
Changes in net assets			
Changes in net asset	-	6 180 513	6 180 513
Net income (losses) recognised directly in net assets	-	6 180 513	6 180 513
Surplus for the year	-	530 852 167	530 852 167
Total recognised income and expenses for the year	-	537 032 680	537 032 680
Total changes	-	537 032 680	537 032 680
Balance at 30 June 2024	**1 000**	**5 665 991 486**	**5 665 992 486**
Note(s)	19		
Controlling entity			
Balance at 01 July 2022	**-**	**5 164 913 921**	**5 164 913 921**
Changes in net assets			
Prior adjustment	-	(334 737 337)	(334 737 337)
Net income (losses) recognised directly in net assets	-	(334 737 337)	(334 737 337)
Surplus for the year	-	309 245 341	309 245 341
Total recognised income and expenses for the year	-	(25 491 996)	(25 491 996)
Total changes	-	(25 491 996)	(25 491 996)
Balance at 01 July 2023	**-**	**5 139 421 925**	**5 139 421 925**
Changes in net assets			
Surplus for the year	-	525 786 970	525 786 970
Total changes	-	525 786 970	525 786 970
Balance at 30 June 2024	**-**	**5 665 208 895**	**5 665 208 895**
Note(s)	19		

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023	2024	2023
Cash flows from operating activities					
Receipts					
Sale of goods and services		60 919 107	39 617 557	54 850 139	24 966 323
Grants		1 309 327 839	1 501 611 759	1 309 327 839	1 501 611 759
Interest income		25 904 397	21 418 162	25 664 349	21 249 009
		1 396 151 343	1 562 647 478	1 389 842 327	1 547 827 091
Payments					
Employee costs		(425 583 824)	(435 197 934)	(407 618 114)	(419 442 054)
Suppliers		(504 513 946)	(442 132 612)	(460 957 316)	(418 124 149)
Finance costs		(940 219)	(6 372 673)	(473 443)	(2 304 403)
Transfers and subsidies		(45 018 537)	(30 096 054)	(83 669 308)	(65 348 706)
		(976 056 526)	(913 799 273)	(952 718 181)	(905 219 312)
Net cash flows from operating activities	40	**420 094 817**	**648 848 205**	**437 124 146**	**642 607 779**
Cash flows from investing activities					
Purchase of property, plant & equipment	3	(523 702 527)	(715 224 064)	(523 585 580)	(715 102 267)
Proceeds from sale of property, plant & equipment	3	2 694 062	3 169 114	2 694 062	3 169 114
Purchase of other intangible assets	4	(1 590 371)	(4 315 773)	(1 468 000)	(4 296 751)
Net cash flows from investing activities		**(522 598 836)**	**(716 370 723)**	**(522 359 518)**	**(716 229 904)**
Net increase/(decrease) in cash and cash equivalents		**(102 504 019)**	**(67 522 518)**	**(85 235 372)**	**(73 622 125)**
Cash and cash equivalents at the beginning of the year		119 510 947	179 603 373	105 677 729	179 299 853
Effect of exchange rate movement on cash balances		6 236 055	7 430 545	-	-
Cash and cash equivalents at the end of the year	18	**23 242 983**	**119 511 400**	**20 442 357**	**105 677 728**

The accounting policies on pages 12 to 23 and the notes on pages 24 to 103 form an integral part of the consolidated annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	428 801 000	-	**428 801 000**	343 294 446	**(85 506 554)**	
Mechanisation centre	1 750 000	(900 000)	**850 000**	701 192	**(148 808)**	
Tender Fees	10 000	(6 400)	**3 600**	3 600	**-**	
Other income - CHDA	10 072 508	(4 021 241)	**6 051 267**	1 454 481	**(4 596 786)**	
Other income - CHDM	276 011 162	-	**276 011 162**	24 362 534	**(251 648 628)**	
Interest received - investment	148 202 950	30 042 050	**178 245 000**	204 620 802	**26 375 802**	
Gains on disposal of assets	3 285 360	-	**3 285 360**	-	**(3 285 360)**	
Total revenue from exchange transactions	**868 132 980**	**25 114 409**	**893 247 389**	**574 437 055**	**(318 810 334)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1 319 057 000	22 104 193	**1 341 161 193**	1 389 270 684	**48 109 491**	
Total revenue	**2 187 189 980**	**47 218 602**	**2 234 408 582**	**1 963 707 739**	**(270 700 843)**	
Expenditure						
Employee related costs	(439 021 528)	(34 785 598)	**(473 807 126)**	(430 035 023)	**43 772 103**	
Remuneration of councillors	(13 223 421)	(619 064)	**(13 842 485)**	(13 842 491)	**(6)**	
Depreciation and amortisation	(180 533 805)	(2 382 122)	**(182 915 927)**	(172 863 778)	**10 052 149**	
Impairment loss/ Reversal of impairments	-	-	**-**	(157 591)	**(157 591)**	
Finance costs	(500 000)	-	**(500 000)**	(951 219)	**(451 219)**	
Lease rentals on operating lease	(173 745)	(79 742)	**(253 487)**	(253 487)	**-**	
Debt Impairment	(223 935 000)	39 470 000	**(184 465 000)**	(193 513 088)	**(9 048 088)**	
Project Cost- Internal Programs	(7 070 000)	2 969 949	**(4 100 051)**	(1 523 551)	**2 576 500**	
Inventory consumed - water	(57 315 017)	12 918 738	**(44 396 279)**	(160 753 927)	**(116 357 648)**	
Contracted Services	(277 718 363)	(422 770)	**(278 141 133)**	(288 406 085)	**(10 264 952)**	
Transfers and Subsidies	(86 807 500)	2 132 533	**(84 674 967)**	(45 018 537)	**39 656 430**	
General Expenses	(162 328 245)	(8 779 015)	**(171 107 260)**	(125 284 877)	**45 822 383**	
Total expenditure	**(1 448 626 624)**	**10 422 909**	**(1 438 203 715)**	**(1 432 603 654)**	**5 600 061**	
Operating surplus	**738 563 356**	**57 641 511**	**796 204 867**	**531 104 085**	**(265 100 782)**	
Gain on disposal of assets and liabilities	10 000 000	-	**10 000 000**	2 422 229	**(7 577 771)**	
Actuarial gains/losses	-	-	**-**	(2 674 146)	**(2 674 146)**	
	10 000 000	**-**	**10 000 000**	**(251 917)**	**(10 251 917)**	
Surplus before taxation	**748 563 356**	**57 641 511**	**806 204 867**	**530 852 168**	**(275 352 699)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**748 563 356**	**57 641 511**	**806 204 867**	**530 852 168**	**(275 352 699)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	428 801 000	-	**428 801 000**	343 294 446	**(85 506 554)**	
Other income	276 011 162	-	**276 011 162**	24 362 534	**(251 648 628)**	
Interest received - investment	148 045 000	30 000 000	**178 045 000**	204 380 754	**26 335 754**	
Gains on disposal of assets	3 485 360	-	**3 485 360**	2 422 229	**(1 063 131)**	
Total revenue from exchange transactions	**856 342 522**	**30 000 000**	**886 342 522**	**574 459 963**	**(311 882 559)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1 319 057 000	22 104 193	**1 341 161 193**	1 389 270 554	**48 109 361**	
Total revenue	**2 175 399 522**	**52 104 193**	**2 227 503 715**	**1 963 730 517**	**(263 773 198)**	
Expenditure						
Employee related costs	(421 280 688)	(34 828 200)	**(456 108 888)**	(412 069 313)	**44 039 575**	
Remuneration of councillors	(13 223 421)	(619 064)	**(13 842 485)**	(13 842 491)	**(6)**	
Depreciation and amortisation	(179 539 994)	530 000	**(179 009 994)**	(168 280 136)	**10 729 858**	
Impairment loss/ Reversal of impairments	-	-	**-**	566 234	**566 234**	
Finance costs	(500 000)	-	**(500 000)**	(473 443)	**26 557**	
Bad debts written off	(223 935 000)	39 470 000	**(184 465 000)**	(193 513 088)	**(9 048 088)**	
Inventory consumed - water	(57 315 017)	12 918 738	**(44 396 279)**	(160 753 927)	**(116 357 648)**	
Contracted Services	(277 718 363)	(422 770)	**(278 141 133)**	(288 406 085)	**(10 264 952)**	
Transfers and Subsidies	(86 807 500)	2 132 533	**(84 674 967)**	(45 018 537)	**39 656 430**	
General Expenses	(149 053 000)	(11 487 189)	**(160 540 189)**	(114 827 844)	**45 712 345**	
Total expenditure	**(1 409 372 983)**	**7 694 048**	**(1 401 678 935)**	**(1 396 618 630)**	**5 060 305**	
Gain on disposal of assets and liabilities	10 000 000	-	**10 000 000**	-	**(10 000 000)**	
Actuarial gains/losses	-	-	**-**	(2 674 146)	**(2 674 146)**	
	10 000 000	**-**	**10 000 000**	**(2 674 146)**	**(12 674 146)**	
Surplus before taxation	**775 826 539**	**59 798 241**	**835 624 780**	**525 786 970**	**(309 837 810)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**775 826 539**	**59 798 241**	**835 624 780**	**525 786 970**	**(309 837 810)**	

Reconciliation

Significant Accounting Policies

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023	2024	2023

Significant Accounting Policies

1. Presentation of Annual Financial Staetements

1.1

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

Significant Accounting Policies

1.1 (continued)

Summary of significant accounting policies

These standards are summarisd as follows

Reference	Description
GRAP Framework	Framework for the preparation and presentation of financial statement
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements:Grantor

Significant Accounting Policies

1.1 (continued)

GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources
IFRS 4	Insurance contracts
IAS 12	Income taxes
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
IGRAP 2	Changes in Existing Decomissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease
IGRAP 16	Intangible Assets – Website Costs
IGRAP 20	Accounting for Adjustments to Revenue
Directive 5	GRAP Reporting Framework
Guideline	The Application of Materiality to Financial Statements

The cash flow statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with GRAP 3. Where required, accounting policies were developed for standards of GRAP that have been issued by the Accounting Standards Board, but for which an effective date have not been determined by the Minister of Finance.

1.2 Presentation currency

These Consolidated Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality.

All figures have been rounded off to the nearest rand.

1.3 Going concern assumption

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

1.4 Comparative figures

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

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Significant Accounting Policies

1.5 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.

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 consolidated annual financial statements (see note).

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

1.7 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.

Significant Accounting Policies

1.7 Intangible assets (continued)

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.

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:

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

1.8 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 annual financial statements.

1.8 Heritage assets (continued)

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.

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

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

1.9 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.

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;

1.9 Separate financial statements (continued)

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 controllong 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
- 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

1.10 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.

1.10 Inventories (continued)

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.

1.11 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.

1.12 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.

Significant Accounting Policies

1.12 Provisions and contingencies (continued)

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

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 43.

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.

Significant Accounting Policies

1.13 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.

1.14 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.

1.15 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Significant Accounting Policies

1.15 Borrowing costs (continued)

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the economic entity, and the costs can be measured reliably. The economic entity applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the economic entity. The amount of borrowing costs eligible for capitalisation is determined as follows:

- To the extent that the economic entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period, less any investment income on the temporary investment of those borrowings.
- To the extent that an economic entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the economic entity that are outstanding during the period. However, the economic entity excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete. The amount of borrowing costs that the economic entity capitalises during a period does not exceed the amount of borrowing costs it incurred during that period.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number1.10. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is suspended.

Extended periods are periods that exceed X months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the economic entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the economic entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

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

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

2. Investment property

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 400 000	(931 650)	468 350	1 400 000	(155 342)	1 244 658

Reconciliation of investment property - Economic entity - 2024

	Opening balance	Impairments	Depreciation	Total
Investment property	1 244 658	(723 825)	(52 483)	468 350

Reconciliation of investment property - Economic entity - 2023

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

3. Property, Plant & Equipment

Economic entity	2024			2023		
	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	97 190 626	(26 658 291)	70 532 335	97 192 236	(23 684 325)	73 507 911
Plant and machinery	45 327 104	(33 505 096)	11 822 008	44 214 316	(27 449 763)	16 764 553
Furniture and foffice equipment	25 650 845	(20 926 215)	4 724 630	25 544 794	(19 170 709)	6 374 085
Transport assets	90 628 383	(41 508 799)	49 119 584	104 541 882	(49 397 518)	55 144 364
Office equipment	688 031	(687 581)	450	686 640	(682 727)	3 913
Computer equipment	22 746 968	(13 018 091)	9 728 877	19 229 241	(11 201 448)	8 027 793
Infrastructure: Water	5 922 159 161	(1 787 137 374)	4 135 021 787	4 886 875 061	(1 637 608 492)	3 249 266 569
Infrastructure: Sanitation	542 176 494	(248 797 668)	293 378 826	479 196 827	(237 590 566)	241 606 261
Community assets	16 165 013	(1 010 284)	15 154 729	16 165 013	(288 631)	15 876 382
Infrastructure: Roads	13 684 165	(4 645 655)	9 038 510	13 684 165	(4 215 051)	9 469 114
WIP - Buildings	14 728 207	(6 452 161)	8 276 046	8 276 046	-	8 276 046
WIP - Sanitation	256 002 013	-	256 002 013	206 187 152	-	206 187 152
WIP - Water	813 314 559	-	813 314 559	1 445 789 285	-	1 445 789 285
Total	**7 893 374 798**	**(2 184 347 215)**	**5 709 027 583**	**7 380 495 887**	**(2 011 289 230)**	**5 369 206 657**

3. Property, Plant & Equipment (continued)

Controlling entity	2024			2023		
	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	85 447 826	(22 496 265)	62 951 561	85 447 827	(20 109 519)	65 338 308
Plant and machinery	22 380 429	(14 365 545)	8 014 884	21 257 156	(12 138 123)	9 119 033
Furniture and office equipment	24 499 450	(19 812 011)	4 687 439	24 421 695	(18 084 809)	6 336 886
Transport assets	89 596 872	(40 477 288)	49 119 584	103 510 371	(48 366 007)	55 144 364
Computer equipment	21 121 247	(11 501 143)	9 620 104	17 668 315	(9 755 578)	7 912 737
Infrastructure: Water	5 922 159 161	(1 787 137 374)	4 135 021 787	4 886 875 061	(1 637 608 492)	3 249 266 569
Infrastructure: Sanitation	542 176 494	(248 797 668)	293 378 826	479 196 827	(237 590 566)	241 606 261
Community assets	16 165 013	(1 010 284)	15 154 729	16 165 013	(288 631)	15 876 382
Infrastructure: Roads	13 684 165	(4 645 655)	9 038 510	13 684 165	(4 215 051)	9 469 114
WIP - Buildings	14 728 207	(6 452 161)	8 276 046	8 276 046	-	8 276 046
WIP - Sanitation	256 002 013	-	256 002 013	206 187 152	-	206 187 152
WIP - Water	813 314 559	-	813 314 559	1 445 789 285	-	1 445 789 285
Total	**7 851 621 336**	**(2 156 695 394)**	**5 694 925 942**	**7 338 824 813**	**(1 988 156 776)**	**5 350 668 037**

3. Property, Plant & Equipment (continued)

Reconciliation of property, plant & equipment - Economic entity - 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	32 913 229	-	-	-	-	-	-	32 913 229
Buildings	73 507 911	-	-	-	-	(2 920 788)	(54 788)	70 532 335
Plant and machinery	16 764 553	989 364	-	-	-	(5 931 909)	-	11 822 008
Furniture and office equipment	6 374 085	98 446	-	-	-	(1 747 901)	-	4 724 630
Transport assets	55 144 364	688 778	(112 392)	-	-	(5 977 205)	(623 961)	49 119 584
Computer equipment	8 027 793	3 960 913	(207 125)	-	-	(2 052 704)	-	9 728 877
Infrastructure: Water	3 249 266 569	21 010 529	-	1 016 617 323	-	(151 872 634)	-	4 135 021 787
Infrastructure: Sanitation	241 606 261	62 991 028	-	-	-	(12 463 446)	1 244 983	293 378 826
Community assets	15 876 382	-	-	-	-	(721 653)	-	15 154 729
Infrastructure: Roads	9 469 114	-	-	-	-	(430 604)	-	9 038 510
WIP - Buildings	8 276 046	-	-	-	-	-	-	8 276 046
WIP - Sanitation	206 187 152	49 814 861	-	-	-	-	-	256 002 013
WIP - Water	1 445 789 285	384 142 597	-	-	(1 016 617 323)	-	-	813 314 559
	5 369 202 744	**523 696 516**	**(319 517)**	**1 016 617 323**	**(1 016 617 323)**	**(184 118 844)**	**566 234**	**5 709 027 133**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

3. Property, Plant & Equipment (continued)

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

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	32 913 229	-	-	-	-	-	-	32 913 229
Buildings	76 945 903	114 000	-	-	-	(3 551 992)	-	73 507 911
Plant and machinery	21 344 718	1 398 103	(204 716)	-	-	(5 773 552)	-	16 764 553
Furniture and office equipment	7 979 049	488 914	(2 376)	-	-	(2 091 502)	-	6 374 085
Transport assets	66 223 049	5 892 238	(7 341 430)	-	-	(8 457 614)	(1 171 879)	55 144 364
Computer equipment	6 158 683	3 672 643	(20 570)	-	-	(1 782 963)	-	8 027 793
Infrastructure: Water	3 259 828 980	2 529 646	-	156 712 751	-	(140 051 649)	(29 753 159)	3 249 266 569
Infrastructure: Sanitation	251 273 654	2 269 687	-	-	-	(10 744 892)	(1 192 188)	241 606 261
Community assets	16 165 013	-	-	-	-	(288 631)	-	15 876 382
Infrastructure: Roads	9 899 528	-	-	-	-	(430 414)	-	9 469 114
WIP - Buildings	8 276 046	-	-	-	-	-	-	8 276 046
WIP - Sanitation	180 992 074	25 195 078	-	-	-	-	-	206 187 152
WIP - Water	928 838 282	673 663 755	-	-	(156 712 752)	-	-	1 445 789 285
	4 866 838 208	**715 224 064**	**(7 569 092)**	**156 712 751**	**(156 712 752)**	**(173 173 209)**	**(32 117 226)**	**5 369 202 744**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

3. Property, Plant & Equipment (continued)

Reconciliation of property, plant & equipment - Controlling entity - 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	30 345 900	-	-	-	-	-	-	30 345 900
Buildings	65 338 308	-	-	-	-	(2 331 959)	(54 788)	62 951 561
Plant and machinery	9 119 033	989 363	-	-	-	(2 093 512)	-	8 014 884
Furniture and office equipment	6 336 886	77 756	-	-	-	(1 727 203)	-	4 687 439
Transport assets	55 144 364	688 778	(112 392)	-	-	(5 977 205)	(623 961)	49 119 584
Computer equipment	7 912 737	3 870 668	(159 441)	-	-	(2 003 860)	-	9 620 104
Infrastructure - Water	3 249 266 569	21 010 529	-	1 016 617 323	-	(151 872 634)	-	4 135 021 787
Infrastructure - Sanitation	241 606 261	62 991 028	-	-	-	(12 463 446)	1 244 983	293 378 826
Community assets	15 876 382	-	-	-	-	(721 653)	-	15 154 729
Infrastructure: Roads	9 469 114	-	-	-	-	(430 604)	-	9 038 510
WIP - Buildings	8 276 046	-	-	-	-	-	-	8 276 046
WIP - Sanitation	206 187 152	49 814 861	-	-	-	-	-	256 002 013
WIP - Water	1 445 789 285	384 142 597	-	-	(1 016 617 323)	-	-	813 314 559
	5 350 668 037	**523 585 580**	**(271 833)**	**1 016 617 323**	**(1 016 617 323)**	**(179 622 076)**	**566 234**	**5 694 925 942**

3. Property, Plant & Equipment (continued)

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

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	30 345 900	-	-	-	-	-	-	30 345 900
Buildings	68 189 079	114 000	-	-	-	(2 964 771)	-	65 338 308
Plant and machinery	9 871 288	1 398 103	(204 716)	-	-	(1 945 642)	-	9 119 033
Furniture and office equipment	7 824 608	475 664	(2 376)	-	-	(1 961 010)	-	6 336 886
Transport assets	66 223 049	5 892 238	(7 341 430)	-	-	(8 457 614)	(1 171 879)	55 144 364
Computer equipment	6 070 650	3 564 096	(20 570)	-	-	(1 701 439)	-	7 912 737
Infrastructure: Water	3 259 828 980	2 529 646	-	156 712 751	-	(140 051 649)	(29 753 159)	3 249 266 569
Infrastructure: Sanitation	251 273 654	2 269 687	-	-	-	(10 744 892)	(1 192 188)	241 606 261
Community assets	16 165 013	-	-	-	-	(288 631)	-	15 876 382
Infrastructure: Roads	9 899 528	-	-	-	-	(430 414)	-	9 469 114
WIP - Buildings	8 276 046	-	-	-	-	-	-	8 276 046
WIP - Sanitation	180 992 074	25 195 078	-	-	-	-	-	206 187 152
WIP - Water	928 838 282	673 663 755	-	-	(156 712 752)	-	-	1 445 789 285
	4 843 798 151	**715 102 267**	**(7 569 092)**	**156 712 751**	**(156 712 752)**	**(168 546 062)**	**(32 117 226)**	**5 350 668 037**

During 2024 the property, plant and equipment depreciation is R179,506,246 (2023 R168,546,062).as per the asset registers in note 3. On the statement of financial performance, the depreciation is less because of water inventory consumed calculated as per GRAP 12 relating to water infrastructure assets amounting to R12,876,260, 2023 R13,295,370) which reduced the depreciation on the face of the statement of financial perfomance

Pledged as security

There are no assets that have been pledged as security during the current year:

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

3. Property, Plant & 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	99 956 189	57 920 108	99 956 189	57 920 108

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 discription	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 inexprience pesonnel on site to implement the project. Notice of termination was isseud to the contractor and the contractor after the notice submitted a proposal to remede 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

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

3. Property, Plant & Equipment (continued)

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 extention of time due to Covid 19 delays (3 months claim was not approved). Contractor changed personnel and that affected the 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
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 finisned in December 2022 and commissioning in February 2023	84 205 816,91

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

3. Property, Plant & Equipment (continued)

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		
51/2014/MD(BL)	Cala Bulk Sanitation Services Upgrading of Cala WWTW including Bulk Pump Stations and Associated Rising Mains-Phase 1	Contract terminated		

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

3. Property, Plant & Equipment (continued)

10/2018/MD(BN)	CHDM Water Supply Backlog Cluster 4 Northern Scheme; Primary Mains and 1.8ML Reservoir from Sikungwini to Lady Frere and Upper Ndonga	Contract terminated
37/2016/MD(TN)	CHDM Water Supply Backlog Cluster 2 Phase 3; Water Supply to Tsakana, Kwagcina, Emanuneni, Guse, Qungu, Kwadlomo, Nyongwana, Khalana and Dayimane	Project done by CHDA

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

4. Intangible assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	13 609 366	(10 064 662)	3 544 704	12 141 366	(8 587 207)	3 554 159

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	13 609 366	(10 064 662)	3 544 704	12 141 366	(8 587 207)	3 554 159

Reconciliation of intangible assets - Economic entity - 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	3 554 159	1 468 000	-	(1 477 455)	3 544 704
Computer software and warranties	-	122 371	(2 388)	(34 391)	-
	3 554 159	**1 590 371**	**(2 388)**	**(1 511 846)**	**3 544 704**

4. Intangible assets (continued)

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
Computer software and warranties	3 976	19 022	(5 356)	-
	122 486	**4 315 772**	**(866 457)**	**3 554 159**

Reconciliation of intangible assets - Controlling entity - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	3 554 159	1 468 000	(1 477 455)	3 544 704

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

5. Interests in other entities

Investments in controlled entities

		Economic Entity		Controlling Entity		Economic Entity		Controlling Entity	
Name of Company	Determination of ownership interest	% ownership interest 2024	% ownership interest 2023	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024	Carrying amount 2023	Carrying amount 2024	Carrying amount 202
Chris Hani Development Agency		100,00 %	100,00 %	100,00 %	100,00 %	1 500 000	1 500 000	1 500 000	1 500 00
						1 500 000	1 500 000	1 500 000	1 500 00
						1 500 000	1 500 000	1 500 000	1 500 00

The carrying amounts of controlled entities are shown net of impairment losses.

Chris Hani Development Agency

The district municipality has a 100% shareholding in Chris Hani Development Agency. The purpose of the municipal entityi is to carry out the promotion and implementation of the local economic development initiatives and investment promotion in Chris Hani District. the municipal entity was fully operational during the 6 months and all contributions made by the district municipality were treated as Transfers and Subsidies paid, refer to Note 30

Notes to the Consolidated Annual Financial Statements

6. Heritage assets

Economic entity	2024			2023		
	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	2024			2023		
	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 - 2024

	Opening balance	Total
Statue	962 961	962 961

Reconciliation of heritage assets Economic entity - 2023

	Opening balance	Total
Statue	962 961	962 961

Reconciliation of heritage assets Controlling entity - 2024

	Opening balance	Total
Statue	962 961	962 961

6. Heritage assets (continued)

Reconciliation of heritage assets Controlling entity - 2023

	Opening balance	Total
Statue	962 961	962 961

7. Operating lease asset (liability)

Current assets	14 178	-	14 178	-

8. Payables from exchange transactions

Trade payables	200 366 271	153 990 254	199 142 982	152 576 319
Payments received in advanced	46 680 347	17 065 177	46 680 347	17 065 177
Retention	127 103 601	115 781 917	127 103 601	115 781 917
Bonus provisions	11 149 741	9 674 897	11 149 741	9 674 897
Accrued leave pay	26 059 077	20 516 757	26 059 077	20 516 757
Deposits received	8 335	8 335	8 335	8 335
Other payables	16 753 105	29 883 014	16 753 105	29 883 014
Payroll payables	3 105 236	519 934	-	-
	431 225 713	**347 440 285**	**426 897 188**	**345 506 416**

9. VAT payable

VAT (Receivable) / Payable	49 022 425	48 421 043	37 006 384	34 029 903

VAT Reconciliation				
VAT Control	60 706 416	115 842 239	60 706 416	115 842 239
Output VAT	312 702 427	131 474 823	312 702 427	131 474 823
Input VAT	(336 402 459)	(213 287 159)	(336 402 459)	(213 287 159)
VAT (CHDA)	12 016 041	14 391 140	-	-
	49 022 425	**48 421 043**	**37 006 384**	**34 029 903**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

10. Consumer deposits

Water	1 079 583	904 417	1 079 583	904 417

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	67 522 749	56 759 000	67 522 749	56 759 000
Present value of the defined benefit obligation-partly or wholly funded	29 485 923	26 289 000	29 485 923	26 289 000
	97 008 672	**83 048 000**	**97 008 672**	**83 048 000**

Non-current liabilities	(91 128 599)	(77 660 000)	(91 128 599)	(77 660 000)
Current liabilities	(5 880 073)	(5 388 000)	(5 880 073)	(5 388 000)
	(97 008 672)	**(83 048 000)**	**(97 008 672)**	**(83 048 000)**

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

Opening balance	56 759 000	55 212 000	56 759 000	55 212 000
Net expense recognised in the statement of financial performance	10 771 749	1 547 000	10 771 749	1 547 000
	67 530 749	**56 759 000**	**67 530 749**	**56 759 000**

Net expense recognised in the statement of financial performance are as follows:

Current service cost	3 115 000	3 442 000	3 115 000	3 442 000
Interest cost	6 995 000	6 443 000	6 995 000	6 443 000
Actuarial (gains) losses	2 578 817	(6 522 804)	2 578 817	(6 522 804)
Benefits paid	1 917 068	(1 815 196)	1 917 068	(1 815 196)
	14 605 885	**1 547 000**	**14 605 885**	**1 547 000**
	-	-	-	-

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(2 674 144)	8 484 000	(2 674 144)	8 484 000

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	13,41 %	12,54 %	13,41 %	12,54 %
Expected rate of return on assets	7,32 %	8,14 %	7,32 %	8,14 %
Actual return on reimbursement rights	4,42 %	4,07 %	4,42 %	4,07 %

Long Service Awards Liability

The municipal operates an undefine benefit plan for all its emplyees 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.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

12. Prepayments

Prepayments	1 019 298	1 736 371	1 004 075	1 707 796

13. Inventories

Inventory stores	22 376 654	12 947 853	22 376 654	12 947 853
Water for distribution	244 725	688 847	244 725	688 847
	22 621 379	**13 636 700**	**22 621 379**	**13 636 700**

8.1 Inventory Reconciliation

Stationery	216 932	241 182	216 932	241 182
Cleaning Material	58 257	52 517	58 257	52 517
Water & Fittings	22 058 625	12 654 154	22 058 625	12 654 154
Water Inventory	287 565	688 847	287 565	688 847
	22 621 379	**13 636 700**	**22 621 379**	**13 636 700**

14. Receivable from exchange transactions

Mechanisation services	304 789	254 189	-	-
Industrial Park Tenants	1 044 592	914 607	-	-
DEA Payroll Control	3 854	3 854	-	-
Internal and Other Debtors	645 430	1 194 073	-	-
	1 998 665	**2 366 723**	**-**	**-**

The entity acts a an implementing agent on behalf of the parent municipality, where it performs activities outside of its development mandate. The role of the entity is implementing and managing identified infrastructure projects on behalf of the municipality towards the water/sanitation projects backlog eradication programme. There is a memorandum of agreement (MOA) entered by both parties detailing obligations of both parties.

The entity implements identified projects and charges a 10% administration/project management fee per claims certificate submitted per infrastructure project implemented. The entity relies on a panel of professional engineers and contractors to fulfil its implementation role. The project expenditure is funded by infrastructure grants allocated to the municipality under MIG/WSIG. The CHDA works with the technical services/engineering directorate within the municipality in fulfilling its role as agent and its related accountability role to the principal and project funders.

The validity period was extended to end of June 2024 to allow for effective project handover and completion of in-progress and approved infrastructure projects, thus starting the process towards a formal ceding back and handover of infrastructure projects as well as closeout reporting.

During the implementation period, there have however been noted delays in the receipt of agency fees charged by the entity resulting in the disclosed outstanding balances. A greater concern is the ageing of the disclosed balances, where significant balances is older than 12 months and cannot all be confirmed with the debtor. This has raised some possibility of a dispute between the entity and the municipality, which is currently being resolved through formal engagement processes as part of the project handover and closeout processes. This process is anticipated to reconcile and confirm any outstanding balances owed to the entity in unpaid agency fees and any unpaid implementation fees, retention and performance guarantees.

The movement of balances will be monitored and any outcome from the engagement processes disclosed in the financial statements in line with final outcome additional text.

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

15. Receivables from non-exchange transactions

Sundry receivables - Roadworks subsidy*	-	6 427 679	-	6 427 679
Local Municipalities	4	4	4	4
Rental and Eskom service deposits	17 446 324	15 631 410	17 446 324	15 631 410
RBIG	35 582 593	6 862 227	35 582 593	6 862 227
Other Debtors	784 524	1 480 972	784 524	1 480 972
DHS Emergency Housing	1 211 903	1 211 903	1 211 903	1 211 903
WSIG	8 109 965	6 543 249	8 109 965	6 543 249
MIG	54 454 150	37 274 715	54 454 150	37 274 715
Engcobo	5 107 306	-	5 107 306	-
	122 696 769	**75 432 159**	**122 696 769**	**75 432 159**

Service deposits consists of rental deposits and Eskom service deposits

Other debtors consists of amounts receivable from Vodacom from previous years and Others.

DHS Emergency - During 2020/21 The department was disclosed as a debtor amounting to R2 287 985 and payment6 made to reducing the debt by R1 076 082 and have a closing balance of R1 211 903.

Gross Balances Receivables from non-exchange				
Sundry receivables - Roadworks subsidy**	-	6 427 679	-	6 427 649
Local Municipalities	4	4	4	4
Rental and Eskom service deposits	17 446 324	15 631 410	17 446 324	15 631 410
DHS Emergency Housing	1 211 903	1 211 903	1 211 903	1 211 903
Other Debtors	784 524	1 480 972	784 524	1 480 972
MIG	54 454 150	37 274 715	54 454 150	37 274 715
RBIG	35 582 593	6 862 227	35 582 593	6 862 227
WSIG	8 109 965	6 543 249	8 109 965	6 543 249
Engcobo	5 107 306	-	5 107 306	-
	122 696 769	**75 432 159**	**122 696 769**	**75 432 129**

The ageing of amounts past due but not impaired is as follows:				
Sundry receivables - Roadworks subsidy**	-	6 427 679	-	6 427 679
Local Municipalities	4	4	4	4
Rental and Eskom service deposits	17 446 324	15 631 410	17 446 324	15 631 410
DHS Emergency Housing	1 211 903	1 211 903	1 211 903	1 211 903
Other Debtors	784 524	1 480 972	784 524	1 480 972
MIG	54 454 150	37 274 715	54 454 150	37 274 715
RBIG	35 582 593	6 862 227	35 582 593	6 862 227
WSIG	8 109 965	6 543 249	8 109 965	6 543 249
Engcobo	5 107 306	-	5 107 306	-
	122 696 769	**75 432 159**	**122 696 769**	**75 432 159**
Financial asset receivables included in receivables from non-exchange transactions above	**(122 696 769)**	**(75 432 159)**	**(122 696 769)**	**(75 432 129)**
Total receivables from non-exchange transactions	122 696 769	75 432 159	122 696 769	75 432 159

Receivables from non-exchange transactions impaired

As of 30 June 2024, other receivables from non-exchange transactions of R 122 696 769 (2023:R 75 432 159) were past due and assessed for impairment per GRAP 104 was considered for Roads Subsidy.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

16. Principal Agent Receivables

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

ECDRDAR: Irrigation Scheme Payroll	52 607	458 486	-	-
SETA Funded Skills Programme				
DEA retention fees	-	466 909	-	-
CETA: Internship	157 843	117 633	-	-
CHDC Co-operative Support	1 235 601	1 235 600	-	-
	1 446 051	**2 278 628**	**-**	**-**

17. Consumer debtors

Gross balances				
Water	1 306 692 691	1 958 565 460	1 306 692 691	1 958 565 460
Sewerage	184 212 548	399 595 611	184 212 548	399 595 611
Refuse	177 475	2 622 705	177 475	2 622 705
	1 491 082 714	**2 360 783 776**	**1 491 082 714**	**2 360 783 776**
Less: Allowance for impairment				
Water	(891 996 441)	(1 799 198 209)	(891 996 441)	(1 799 198 209)
Sewerage	(157 975 420)	(392 677 792)	(157 975 420)	(392 677 792)
Refuse	(112 505)	(2 586 426)	(112 505)	(2 586 426)
	(1 050 084 366)	**(2 194 462 427)**	**(1 050 084 366)**	**(2 194 462 427)**
Net balance				
Water	414 696 250	159 367 251	414 696 250	159 367 251
Sewerage	26 237 128	6 917 819	26 237 128	6 917 819
Refuse	64 970	36 279	64 970	36 279
	440 998 348	**166 321 349**	**440 998 348**	**166 321 349**
Water				
Current (0 -30 days)	350 563 684	161 045 269	350 563 684	161 045 269
31 - 60 days	44 974 598	41 536 037	44 974 598	41 536 037
61 - 90 days	45 217 132	40 626 000	45 217 132	40 626 000
91 - 120 days	51 760 654	39 906 787	51 760 654	39 906 787
121 - 365 days	369 065 935	495 238 921	369 065 935	495 238 921
> 365 days	445 110 688	1 180 212 447	445 110 688	1 180 212 447
Impairment allowance	(891 996 441)	(1 799 198 210)	(891 996 441)	(1 799 198 210)
	414 696 250	**159 367 251**	**414 696 250**	**159 367 251**
Sewerage				
Current (0 -30 days)	28 971 337	19 818 753	28 971 337	19 818 753
31 - 60 days	7 507 937	8 516 518	7 507 937	8 516 518
61 - 90 days	7 378 729	8 292 566	7 378 729	8 292 566
91 - 120 days	7 514 233	8 193 398	7 514 233	8 193 398
121 - 365 days	35 812 514	38 691 492	35 812 514	38 691 492
> 365 days	97 027 799	316 082 885	97 027 799	316 082 885
Impairment allowance	(157 975 421)	(392 677 793)	(157 975 421)	(392 677 793)
	26 237 128	**6 917 819**	**26 237 128**	**6 917 819**

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

17. Consumer debtors (continued)

Sundry Debtors				
Current (0 -30 days)	23 158	15 388	23 158	15 388
31 - 60 days	7 016	4 139	7 016	4 139
61 - 90 days	7 016	2 925	7 016	2 925
91 - 120 days	14 532	2 596	14 532	2 596
121 - 365 days	23 136	46 950	23 136	46 950
> 365 days	102 617	2 550 708	102 617	2 550 708
Impairment allowance	(112 505)	(2 586 427)	(112 505)	(2 586 427)
	64 970	**36 279**	**64 970**	**36 279**

Reconciliation of allowance for impairment				
Balance at beginning of the year	(2 194 462 428)	(1 590 424 448)	(2 194 462 428)	(1 590 424 448)
Contributions to allowance	1 144 378 061	(604 037 980)	1 144 378 061	(604 037 980)
	(1 050 084 367)	**(2 194 462 428)**	**(1 050 084 367)**	**(2 194 462 428)**

18. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 262	4 303	4 200	4 200
Bank balances	11 202 143	10 982 948	8 407 786	4 770 394
Short-term deposits	12 036 578	108 524 149	12 030 371	100 903 135
Bank overdraft	(16 249)	(453)	-	-
	23 226 734	**119 510 947**	**20 442 357**	**105 677 729**

CHDM

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.

CHDA

The entity does not have an overdraft policy, and the disclosed overdraft arose from debit orders at the end of June 2024 being deducted where the bank had insufficient funds and not returned by the banker awaited the entity to effect a credit adjustment.

The entity also had a pledge against the main transacting account amounting to R2 317 248,21, resulting from a court approved attachment order instituted by an unpaid creditor. The amount was in dispute as there were material inconsistencies in the final demand and attachment order, as entity was not in agreement with the balances depicted as owed. The bankers thus executed on the court order resulting the indicated value of funds being inaccessible to the entity as at 30 June 2024. The entity is working on resolving the dispute with the intention of releasing the pledge on the main bank account and securing any comprises part of the total cash and cash equivalents and bank balances at year end.

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

18. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
First National Bank - Current Account - 62002510693	9 043 569	5 767 535	7 838 886	8 437 433	4 745 660	(71 372 408)
First National Bank - Call Account - 62004499481 (Equitable Share)	316 808	101 635	109 866	316 808	101 635	109 866
First National Bank - Call Account - 62190652521 (CRR)	3 004 424	8 499 950	114 427 826	3 004 424	8 499 950	114 427 826
First Natonal Bank - Call Account - 62187939784 (MIG)	49 978	2 854 800	2 120 213	49 978	2 854 800	2 120 213
First National Bank - Call Account - 62187936532 (WSIG)	5 682 718	28 623 237	42 168 950	5 682 718	28 623 237	42 168 950
First National Bank - Call Account - 62187938538 (RRAMS)	1 562 978	988 841	65 625	1 562 978	988 841	65 625
First National Bank - Public Sector - Cheque Account - 62610267602 (Water account)	21 051	405 901	235 095	(29 646)	24 735	(162 932)
First National Bank - Public Sector - Cheque Account - 62868460363 (EPWP)	6 075	922 564	578	6 075	922 564	578
First National Bank - Call Account - 62868467418 (RBIG)	219 586	48 905 606	87 712 796	219 586	48 905 606	87 712 796
First National Bank - Call Account - 62896975201 (MDRG)	1 187 801	10 006 501	4 225 198	1 187 801	10 006 501	4 225 138
Cash on hand	-	-	-	4 200	4 200	4 200
FNB Main 62363654156	2 406 338	6 201 089	301 476	2 406 338	6 201 089	301 476
FNB Skills 62396085899	387 480	8	368	387 480	8	368
FNB Inv 62378942918	6 207	7 621 014	203	6 207	7 621 014	203
FNB DEA	44	75	(77)	44	75	(77)
FNB Mech 62540743483	(16 224)	10 512	(371)	(16 224)	10 512	(371)
FNB Petty 62540742683	494	868	1 148	494	868	1 148
Total	**23 879 327**	**120 910 136**	**259 207 780**	**23 226 694**	**119 511 295**	**179 602 599**

The municipality is reflecting a favourable balance cashbook balance of R8 437 432.74, and the bank statement is reflecting a favourable balance of R9 043 569. The variance is caused by debtors receipts not updated relating to June and updated afetr year end amounting to R52 003 and debtors receipts updated in Bank 007 (water account) amounting R554 133. The cashbook in bank 7 (water account) reflects (R29 646) and the bank statement reflects R21 051. The variance is cuased by the deposit not receipted at month end amounting to R50 697.

19. Share capital / contributed capital

	Economic entity 2024	Economic entity 2023	Controlling entity 2024	Controlling entity 2023
Issued				
Ordinary	1 000	1 000	-	-

The entity is 100% owned by the Chris Hani District Municipality (CHDM). There are 1000 odrinary share at R1 each

20. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

20. Accumulated surplus (continued)

	Accumulated Surplus	Total
Opening balance	5 128 958 806	5 128 958 806
Surplus	530 852 167	530 852 167
Net income (losses) recognised directly in net assets	6 180 513	6 180 513
	5 665 991 486	**5 665 991 486**

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

	Accumulated Surplus	Total
Opening balance	5 161 607 729	5 161 607 729
Surplus	309 866 261	309 866 261
Prior period error	(342 515 184)	(342 515 184)
	5 128 958 806	**5 128 958 806**

Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2024

	Accumulated Surplus	Total
Opening balance	5 139 421 925	5 139 421 925
Surplus	525 786 970	525 786 970
	5 665 208 895	**5 665 208 895**

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

	Accumulated Surplus	Total
Opening balance	5 164 913 921	5 164 913 921
Surplus	309 245 341	309 245 341
Prior period error	(334 737 337)	(334 737 337)
	5 139 421 925	**5 139 421 925**

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Municipal Disaster Grant	19 873	11 055 000	19 873	11 055 000
National: Regional Bulk Infrastructure Grant (RBIG)	-	21 047 543	-	21 047 543
National: Department of Transport - Rural Road Asset Mgt Grant	6 644	400 172	6 644	400 172
National: MWIG	(1)	(1)	(1)	(1)
	26 516	**32 502 714**	**26 516**	**32 502 714**

The nature and extent of government grants recognised in the consolidated annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

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

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

22. Provisions

Reconciliation of provisions - Economic entity - 2024

	Opening Balance	Additions	Utilised during the year	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for future repairs	44 200	-	(44 200)	-	-
Provision for leave	1 452 211	295 129	-	-	1 747 340
Provision for performance bonus	1 746 218	-	-	(1 746 218)	-
Other provisions	81 475 475	-	-	-	81 475 475
	84 718 104	**295 129**	**(44 200)**	**(1 746 218)**	**83 222 815**

Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Total
Provision for future repairs	44 200	44 200
Provision for leave	1 452 211	1 452 211
Provision for performance bonus	1 746 218	1 746 218
Other provisions	81 475 475	81 475 475
	84 718 104	**84 718 104**

Reconciliation of provisions - Controlling entity - 2024

	Opening Balance	Total
Other provisions	81 475 475	81 475 475

Reconciliation of provisions - Controlling entity - 2023

	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

23. Revenue

	Economic entity 2024	Economic entity 2023	Controlling entity 2024	Controlling entity 2023
Service charges	343 294 446	405 634 467	343 294 446	405 634 467
Mechanisation Centre Income	701 192	773 006	-	-
Tender Fees	3 600	1 800	-	-
Other income - CHDA	1 454 481	2 134 763	-	-
Other income - CHDM	24 362 534	473 345	24 362 534	473 345
Interest received - investment	204 620 802	179 820 130	204 380 754	179 650 977
Government grants & subsidies	1 389 270 684	1 502 542 738	1 389 270 554	1 502 542 738
	1 963 707 739	**2 091 380 249**	**1 961 308 288**	**2 088 301 527**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

23. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	343 294 446	405 634 467	343 294 446	405 634 467
Mechanisation Centre Income	701 192	773 006	-	-
Tender Fees	3 600	1 800	-	-
Other income - CHDA	1 454 481	2 134 763	-	-
Other income - CHDM	24 362 534	473 345	24 362 534	473 345
Interest received - investment	204 620 802	179 820 130	204 380 754	179 650 977
	574 437 055	**588 837 511**	**572 037 734**	**585 758 789**

The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Transfer revenue				
Government grants & subsidies	1 389 270 684	1 502 542 738	1 389 270 554	1 502 542 738

24. Service charges

Service charges	226 383	80 663	226 383	80 663
Sale of water	285 877 109	347 380 953	285 877 109	347 380 953
Sewerage and sanitation charges	57 190 954	58 172 851	57 190 954	58 172 851
	343 294 446	**405 634 467**	**343 294 446**	**405 634 467**

25. Lease rentals on operating lease

Equipment				
Contractual amounts	253 487	162 047	-	-

26. Other revenue

Tender Fees	3 600	1 800	-	-
Other income - CHDA	1 454 481	2 134 763	-	-
Other income - CHDM	24 362 534	473 345	24 362 534	473 345
	25 820 615	**2 609 908**	**24 362 534**	**473 345**

27. Other income

Staff recoveries (Telephone)	-	1 000	-	1 000
Tender documents	276 919	80 409	273 319	78 609
Other income -CHDA	1 454 481	2 134 763	-	-
Own Revenue - Unallocated deposits	23 696 054	-	23 696 054	-
VAT on Conditional Grant	-	621	-	621
Sundry receipts	393 161	393 115	393 161	393 115
	25 820 615	**2 609 908**	**24 362 534**	**473 345**

28. Investment revenue

Interest revenue				
Bank	472 506	453 425	232 458	284 272
Interest - investments	20 147 928	16 619 571	20 147 928	16 619 571
Interest - debtors	184 000 368	162 747 134	184 000 368	162 747 134
	204 620 802	**179 820 130**	**204 380 754**	**179 650 977**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

29. Transfer and subsidies

Other subsidies				
CHDM Choral Music Association	-	100 000	-	100 000
Irrigation Scheme - Products	1 205 991	819 299	1 205 991	819 299
Intsika Yethu Municipality Nursery	316 200	-	316 200	-
Chris Hani Sports Confederation	140 000	-	140 000	-
VIP Toilets	43 356 346	29 176 755	43 356 346	29 176 755
Chris Hani Development Agency	-	-	38 650 771	35 252 652
	45 018 537	**30 096 054**	**83 669 308**	**65 348 706**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

30. Government grants & subsidies

Operating grants				
Equitable share	695 711 000	654 460 000	695 711 000	654 460 000
Finance Management Grant	1 000 000	1 000 000	1 000 000	1 000 000
Municipal Infrastructure Grant Operational	18 488 485	41 980 426	18 488 485	41 980 426
EPWP	2 384 000	3 630 000	2 384 000	3 630 000
Rural Road Asset Management Grant	3 861 529	3 704 828	3 861 529	3 704 828
LG SETA	704 837	676 559	704 837	676 559
Municipal Disaster Gran	38 730 127	-	38 730 127	-
WSIG Operational	48 473 214	6 541 221	48 473 214	6 541 221
	809 353 192	**711 993 034**	**809 353 192**	**711 993 034**

Capital grants				
Municipal Infrastructure Grant	321 538 950	419 533 801	321 538 950	419 533 801
Water Services Infrastructure Grant	24 610 503	80 156 444	24 610 503	80 156 444
Regional Bulk Infrastructure Grant	233 767 909	290 859 459	233 767 909	290 859 459
	579 917 362	**790 549 704**	**579 917 362**	**790 549 704**
	1 389 270 554	**1 502 542 738**	**1 389 270 554**	**1 502 542 738**

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

Current-year receipts	322 848 000	450 451 000	322 848 000	450 451 000
Conditions met - transferred to revenue	(340 027 434)	(461 457 547)	(340 027 434)	(461 457 547)
Transfer to debtor	17 179 434	11 006 547	17 179 434	11 006 547
	-	-	-	-

Conditions still to be met - remain liabilities (see note 21).

LG SETA

Current-year receipts	704 837	676 559	704 837	676 559
Conditions met - transferred to revenue	(704 837)	(676 559)	(704 837)	(676 559)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 21).

National: EPWP

Balance unspent at beginning of year	-	(185 020)	-	(185 020)
Current-year receipts	2 384 000	3 630 000	2 384 000	3 630 000
Conditions met - transferred to revenue	(2 384 000)	(3 630 000)	(2 384 000)	(3 630 000)
Repayment of unspent	-	185 020	-	185 020
	-	-	-	-

Conditions still to be met - remain liabilities (see note 21).

National : Finance Management Grant

Current-year receipts	1 000 000	1 000 000	1 000 000	1 000 000

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

30. Government grants & subsidies (continued)

Conditions met - transferred to revenue	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 21).

Municipal Disaster grant

Balance unspent at beginning of year	-	75 741	-	75 741
Repayment of unspent	-	(75 741)	-	(75 741)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 21).

Water service Infrastructure Grant

Balance unspent at beginning of year	-	14 050 770	-	14 050 770
Current-year receipts	71 517 000	65 200 000	71 517 000	65 200 000
Conditions met - transferred to revenue	(73 083 716)	(86 697 665)	(73 083 716)	(86 697 665)
Transfer to Debtor	1 566 716	7 446 895	1 566 716	7 446 895
	-	-	-	-

Conditions still to be met - remain liabilities (see note 21).

Municipal Disaster Recovery Grant

Balance unspent at beginning of year	-	1 573 489	-	1 573 489
Repayment of unspent	-	(1 573 489)	-	(1 573 489)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 21).

Municipal Disaster Grant

Balance unspent at beginning of year	11 055 000	-	11 055 000	-
Current-year receipts	27 695 000	11 055 000	27 695 000	11 055 000
Conditions met - transferred to revenue	(38 730 126)	-	(38 730 126)	-
	19 874	**11 055 000**	**19 874**	**11 055 000**

Conditions still to be met - remain liabilities (see note 21).

National; Regional Bulk Infrastrucure Grant

Balance unspent at beginning of year	21 047 542	-	21 047 542	-
Current-year receipts	184 000 000	311 907 000	184 000 000	311 907 000
Conditions met - transferred to revenue	(233 732 258)	(290 859 459)	(233 732 258)	(290 859 459)
Transfer to Debtor	28 684 716	1	28 684 716	1
	-	**21 047 542**	-	**21 047 542**

Conditions still to be met - remain liabilities (see note 21).

DEDEAT Chris Hani Packhouse

Balance unspent at beginning of year	(1 621 989)	-	-	-

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

30. Government grants & subsidies (continued)

Conditions met - transferred to revenue	-	(1 621 989)	-	-
Other	1 621 989	-	-	-
	-	**(1 621 989)**	**-**	**-**

Conditions still to be met - remain liabilities (see note 21).

National : DOT-Rural Road Asset Management Grant

Balance unspent at beginning of year	400 172	371	400 172	371
Current-year receipts	3 468 000	4 105 000	3 468 000	4 105 000
Conditions met - transferred to revenue	(3 861 528)	(3 704 828)	(3 861 528)	(3 704 828)
Re-payment of unspent	-	(371)	-	(371)
	6 644	**400 172**	**6 644**	**400 172**

Conditions still to be met - remain liabilities (see note 21).

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

31. Employee related costs

Basic	257 728 470	248 598 734	242 338 505	235 063 253
Leave accrual	295 129	-	-	-
Bonus	21 832 160	19 968 025	21 832 160	19 968 025
Medical aid - company contributions	29 760 903	29 464 345	28 873 711	28 667 091
UIF	1 877 706	1 774 119	1 816 317	1 713 541
WCA	36 885	34 947	-	-
SDL	155 902	138 121	-	-
Leave pay provision charge	7 636 551	5 391 891	7 512 623	5 248 970
Industrial Council Levies	112 891	100 679	112 891	100 679
Defined contribution plans	1 015 320	1 046 578	-	-
Travel, motor car, accommodation, subsistence and other allowances	32 816 639	30 015 705	32 816 639	30 015 705
Overtime payments	11 371 432	9 697 373	11 371 432	9 697 373
Long-service awards	5 730 486	7 919 183	5 730 486	7 919 183
Housing benefits and allowances	1 602 284	1 607 827	1 602 284	1 607 827
Pension Fund Contributions	45 190 892	40 913 749	45 190 892	40 913 749
Group Life Insurance	1 581 874	2 197 802	1 581 874	2 197 802
	418 745 524	**398 869 078**	**400 779 814**	**383 113 198**

Remuneration of Municipal Manager - G. Mashiyi

Annual Remuneration	1 491 279	1 565 457	1 491 279	1 565 457
Car and other allowances	608 185	590 471	608 185	590 471
Performance Bonuses	186 409	120 654	186 409	120 654
Contributions to UIF, Medical and Pension Funds	2 125	2 255	2 125	2 255
Other(Grouplife, Special allowance and Bargaining Council)	314 108	547 317	314 108	547 317
	2 602 106	**2 826 154**	**2 602 106**	**2 826 154**

Remuneration of Chief Finance Officer - C. Mapeyi

Annual Remuneration	1 115 472	1 185 626	1 115 472	1 185 626
Car and other allowance	562 094	546 690	562 094	546 690
Performance Bonuses	139 433	90 249	139 433	90 249
Contributions to UIF, Medical and Pension Funds	51 503	59 399	51 503	59 399
Other(Grouplife, Special allowance and Bargaining Council)	207 867	194 937	207 867	194 937
	2 076 369	**2 076 901**	**2 076 369**	**2 076 901**

Remuneration of Director: Corporate Services - T. Skefile-Jaxa

Annual Remuneration	745 597	523 508	745 597	523 508
Car and other allowances	233 539	180 633	233 539	180 633
Performance Bonuses	77 666	76 437	77 666	76 437
Contributions to UIF, Medical and Pension Funds	202 117	99 473	202 117	99 473
Other(Grouplife, Special allowance and Bargaining Council)	7 533	21 716	7 533	21 716
	1 266 452	**901 767**	**1 266 452**	**901 767**

Remuneration of Director: Health Services - N. Mnyengeza

Annual Remuneration	1 115 472	1 185 686	1 115 472	1 185 686
Car and other allowances	569 366	553 573	569 366	553 573
Performance Bonuses	139 434	90 249	139 434	90 249

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

31. Employee related costs (continued)

Contributions to UIF, Medical and Pension Funds	240 649	235 914	240 649	235 914
Other(Grouplife, Special Allowance and Bargaining Council)	137	-	137	-
	2 065 058	**2 065 422**	**2 065 058**	**2 065 422**

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

Annual Remuneration	1 086 882	1 125 201	1 086 882	1 125 201
Car and other allowances	541 599	516 609	541 599	516 609
Performance Bonuses	132 794	64 051	132 794	64 051
Contributions to UIF, Medical and Pension Funds	260 175	203 634	260 175	203 634
Other(Grouplife, Special Allowance and Bargaining Council)	36 518	36 382	36 518	36 382
	2 057 968	**1 945 877**	**2 057 968**	**1 945 877**

Remuneration of Director: Technical Services - M. Shasha

Annual Remuneration	717 482	649 688	717 482	649 688
Car and other allowances	233 539	224 220	233 539	224 220
Performance Bonuses	77 666	84 257	77 666	84 257
Contributions to UIF, Medical and Pension Funds	185 326	126 485	185 326	126 485
Other(Grouplife, Special Allowance and Bargaining Council)	7 533	225 675	7 533	225 675
	1 221 546	**1 310 325**	**1 221 546**	**1 310 325**

Remuneration of Chief Executive Officer

Annual Remuneration	1 875 461	312 577	-	-
Car Allowance	-	420 911	-	-
Backpay and Salary Adjustments	49 700	-	-	-
Contributions to UIF, Medical and Pension Funds	1 785	-	-	-
	1 926 946	**733 488**	**-**	**-**

The position of the Chief Executive Officer (CEO) was filled in May 2023, after an extended acting period. There were thus no acting allowances paid out to incumbent in the 2023-2024 financial period. There was a backpay effected in June 2024, where a 2.65% salary increase was approved by the board due to delays in effecting salary increases at start of the financial period. This was applied to the basic salary component. All these costs and allowances have been included as part of the overall payroll / employee costs incurred by the entity in the period 1 July 2023 to 30 June 2024

Remuneration of Chief Finance Officer

Annual Remuneration	1 260 429	-	-	-
Car Allowance	43 920	87 840	-	-
Backpay and Salary Adjustments	10 606	-	-	-
Contributions to UIF, Medical and Pension Funds	125 298	-	-	-
	1 440 253	**87 840**	**-**	**-**

The position of the Chief Finance Officer (CFO) was filled in December 2023, after an extended acting period. There were thus acting allowances paid out to acting incumbent in the 2023-2024 financial period, from July 2023 to December 2023. There was a backpay effected in June 2024, where a 2.65% salary increase was approved by the board due to delays in effecting salary increases at start of the financial period. This was applied to the basic salary component, but limited to the former position prior to confirmation as CFO. All these costs and allowances have been included as part of the overall payroll / employee costs incurred by the entity in the period 1 July 2023 to 30 June 2024.

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

31. Employee related costs (continued)

Remuneration of Executive Manager Operations

Annual Remuneration	1 236 780	1 232 968	-	-
Car Allowance	25 702	-	-	-
Backpay and Salary Adjustments	98 775	103 441	-	-
	1 361 257	**1 336 409**	**-**	**-**

All these costs and allowances have been included as part of the overall payroll / employee costs incurred by the entity in the period 1 July 2023 to 30 June 2024.

Directors' emoluments

A non-executive director was appointed as interim / acting Accounting Officer (CEO) for the period uly 2022 - April 2023 due to resulting vacancy from former CEO incumbent's resignation in April 2022. The CEO position was filed from May 2023, and all acting allowances paid out in interim / acting period were disclosed. There were also changes in the composition of the independent audit and risk committee, shared with the shareholder. The shareholder appointed a new audit and risk committee during the year and this is the same committee composition utilised into the 2024 financial year.

2024

There were a number of exits arising from non-executive director appointment changes effected by the shareholder or resignations. The Board Chairperson also resigned in December 2023, resulting in the appointment of an Interim Board Chairperson for the remainder of the financial year.

Non-executive

Ms. W. Dukuza (Interim Board Chairperson	106 286	15 000	-	-
Adv. AM Mini (Board Chairperson)	77 769	180 731	-	-
Dr. ND Khewu	153 850	168 793	-	-
Mr. L. Mbokotho	178 396	157 957	-	-
Mr. TR Ramabulana (Deputy Bard Chairperson)	207 089	175 465	-	-
Prof. WA Plaatjies	59 000	32 000	-	-
Mr. MM Mbenenge	10 000	30 000	-	-
Adv. N. Bleki	98 000	-	-	-
Ms. Z. Manxilana-Klassen	53 000	30 000	-	-
Mr. AM Langa (Audit Committee Chairperson)	237 192	182 725	-	-
Ms. M. Makapela	132 000	2 963	-	-
Mr. Y. Madolo	62 391	65 000	-	-
Mr. AA Hala	-	446 643	-	-
Ms. B Zantsi	-	30 000	-	-
Ms Z Kiviet	-	47 000	-	-
Ms. A. Kretzman	-	10 000	-	-
Mr. G. Rich	-	19 000	-	-
Mr. MK Mafani	-	19 000	-	-
	-	35 000	-	-
	1 374 973	**1 647 277**	**-**	**-**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

32. Remuneration of councillors

Executive Major	1 214 960	1 119 207	1 214 960	1 119 207
Deputy Executive Mayor	973 893	903 523	973 893	903 523
Mayoral Committee Members	5 016 204	4 295 598	5 016 204	4 295 598
Speaker	973 893	903 523	973 893	903 523
Councillors	3 857 321	3 644 627	3 857 321	3 644 627
Chief Whip	915 874	849 604	915 874	849 604
Section 79 Chair	890 346	825 880	890 346	825 880
	13 842 491	**12 541 962**	**13 842 491**	**12 541 962**

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 utilises Council owned vehicle for official dutie

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.

33. Depreciation and amortisation

Property, Plant & Equipment	171 299 450	160 499 481	166 802 682	155 872 335
Investment property	52 483	70 000	-	-
Intangible assets	1 511 845	866 458	1 477 454	861 102
	172 863 778	**161 435 939**	**168 280 136**	**156 733 437**

34. Impairment loss

Impairments				
Property, Plant & Equipment	(157 591)	(32 117 226)	566 234	(32 117 226)
The impairment loss is evaluated at reporting date which in this instance is the 30 June 2024. The impairment was calculated based on the condition of the asset at year end during the physical verification. Based on the physical condition assessment done in the current financial year an amount of R157 591 (2023 June: R32 117 226) was recognised as impairment loss. The recoverable amount of these assets was based on their value in use. This includes vehicle and other assets]				

35. Finance costs

Trade and other payables	473 443	2 304 403	473 443	2 304 403
Late payment of tax	477 776	4 068 270	-	-
	951 219	**6 372 673**	**473 443**	**2 304 403**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

36. Debt impairment

Debt impairment	1 033 218 963	(571 753 754)	1 033 218 963	(571 753 754)
Bad debts written off	(1 226 732 051)	(86 657 478)	(1 226 732 051)	(86 657 478)
	(193 513 088)	**(658 411 232)**	**(193 513 088)**	**(658 411 232)**

37. General expenses

Advertising	1 281 085	887 840	1 183 970	887 840
Assessment rates & municipal charges	533 424	225 553	-	-
Auditors remuneration	12 329 624	10 339 584	9 723 209	8 154 532
Bank charges	2 211 292	4 234 989	2 151 461	4 184 329
Cleaning	435 400	269 152	-	-
Computer expenses	18 796 080	16 887 571	18 796 080	16 887 571
Consulting and professional fees	425 643	567 700	-	-
Consumables	5 559 722	4 079 253	5 559 722	4 059 253
Donations	-	254 276	-	-
Entertainment	560 322	397 577	550 120	378 970
Insurance	2 959 709	2 361 010	2 531 850	1 994 987
Community development and training	79 100	85 180	79 100	85 180
Conferences and seminars	12 500	-	-	-
IT expenses	354 017	504 022	-	-
Motor vehicle expenses	1 426 678	1 746 749	1 426 678	1 746 749
Fuel and oil	30 115 460	35 222 066	29 886 266	35 094 004
Postage and courier	574	4 735	145	1 030
Printing and stationery	1 334 407	1 279 183	1 179 402	1 045 278
Protective clothing	2 126 641	935 152	2 126 641	935 152
Repairs and maintenance	781 771	178 514	-	-
Security (Guarding of municipal property)	244 804	158 575	-	-
Software expenses	685 609	802 009	-	-
Staff welfare	578 435	703 455	578 435	703 455
Subscriptions and membership fees	4 358 313	3 965 017	4 350 774	3 951 295
Telephone and fax	2 857 556	3 179 629	2 776 954	3 123 444
Travel - local	8 361 985	7 711 982	8 234 809	7 573 529
Stakeholder engagement	151 207	228 297	-	-
Assets expensed	1 620 091	2 804 856	1 601 846	2 798 964
Electricity	371 817	583 075	173 653	356 258
Sewerage	562	390	562	390
Water	16 037	12 095	16 037	12 095
Refuse	4 473	3 739	4 473	3 739
Rates	27 830	26 768	-	-
Staff gifts and welfare	55 236	10 043	-	-
Tourism development	6 417	-	6 417	-
Other board expenses	1 024 706	968 449	-	-
Board fees	1 288 250	1 557 895	-	-
Communication	151 900	171 108	151 900	171 108
Consulting	387 407	126 590	-	-
Recruitment costs	25 442	164 244	-	-
Indigent subsidy	11 687 504	8 529 730	11 687 504	8 529 730
Staff Training and Development	-	210 525	-	-
Skills Development Levy	3 744 028	3 401 116	3 744 028	3 401 116
Operating Leases	6 305 808	6 770 100	6 305 808	6 770 100
	125 278 866	**122 549 793**	**114 827 844**	**112 850 098**

On the consumables its including sundries is inluding R1,179,529.60 for CSPS, Bank charges on stop orders and EPWP funded by the municipality. The split is caused by the pending case on the transaction made by municipal employee.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

38. Inventory Consumed - Water

Water	160 753 927	127 348 149	160 753 927	127 348 149

Inventory consumed - water reconciliation				
Bulk Purchase	25 834 562	25 765 945	25 834 562	25 765 945
Electricity	54 944 515	48 692 590	54 944 515	48 692 590
Employee cost - WTW	50 516 823	24 109 373	50 516 823	24 109 373
Chemicals	16 383 596	15 975 846	16 383 596	15 975 846
Depreciation	12 876 260	13 295 570	12 876 260	13 295 570
	160 555 756	**127 839 324**	**160 555 756**	**127 839 324**

Water reconciliation represents the input costs capitalised to the inventory control account.

39. Contracted services

Presented previously				
Outsourced services	48 909 974	32 528 012	48 909 974	32 528 012
Repairs and maintenance	99 956 189	57 920 108	99 956 189	57 920 108
Consultants and professional fees	41 362 399	40 176 938	41 362 399	40 176 938
Other Contractors	98 177 523	90 300 235	98 177 523	90 300 235
	288 406 085	**220 925 293**	**288 406 085**	**220 925 293**

40. Cash generated from operations

Surplus	530 852 167	309 866 261	525 786 970	309 245 341
Adjustments for:				
Depreciation and amortisation	4 583 642	161 435 939	-	156 733 437
(Loss) gain on sale of assets and liabilities	(1 698 404)	4 399 978	(2 422 229)	4 399 978
Impairment (reversals) loss	(566 234)	32 117 226	(566 234)	32 117 226
Debt impairment	(1 033 218 963)	571 753 754	(1 033 218 963)	571 753 754
Bad debts written off	1 226 732 051	86 657 478	1 226 732 051	86 657 478
Imterest expense	-	2 304 403	-	2 304 403
Depreciation pf PPE and Amortisation of intangible	168 280 136	-	168 280 136	-
Depreciation on inventory	-	13 295 570	-	13 295 570
Inventory consumed (portion of inventory)	12 876 260	-	12 876 260	-
Other income (own revenue)	(23 696 054)	-	(23 696 054)	-
Interest on debtors	(178 716 405)	(158 401 968)	(178 716 405)	(158 401 968)
Increase in provision relating to employee cost	2 674 146	(8 484 000)	2 674 146	(8 484 000)
Movement in provisions	(1 495 289)	-	-	-
Changes in working capital:				
Inventories	(8 984 679)	6 084 337	(8 984 679)	6 084 337
Receivable from exchange transactions	(287 178 132)	(390 748 869)	(289 271 775)	(381 273 741)
Movement in employee benefit	11 286 526	14 686 000	11 286 526	14 686 000
Other receivables from non-exchange transactions	(1 996 898)	(2 791 610)	-	-
Statutory receivables	719 205	(2 876 097)	-	-
Prepayments	717 073	(1 733 496)	703 721	(1 707 796)
Other movements	(12 257 058)	(599 711)	-	-
Principal Agent Payable	(14 514 301)	14 954 112	-	-
Payables from exchange transactions	230 962 395	(11 600 042)	228 567 739	(4 003 513)
VAT (Receivable/Payable)	(125 500 436)	9 327 662	(123 125 337)	-
Unspent conditional grants and receipts	(79 942 715)	(930 979)	(79 942 715)	(930 979)
Consumer deposits	175 166	132 252	175 166	132 252
Operating lease	(14 178)	-	(14 178)	-
Bank overdraft	15 796	5	-	-
	420 094 817	**648 848 205**	**437 124 146**	**642 607 779**

41. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2024

Financial assets

	At fair value	At amortised cost	Total
Prepayments	-	15 223	15 223
Principal Agent Receivables	-	1 446 051	1 446 051
Trade and other receivables from exchange transactions	-	442 997 013	442 997 013
Other receivables from non-exchange transactions	-	122 696 769	122 696 769
Cash and cash equivalents	23 242 983	-	23 242 983
	23 242 983	**567 155 056**	**590 398 039**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	393 920 529	393 920 529
Provisions	1 747 340	1 747 340
Principal Agent Payable	439 811	439 811
VAT Payable	12 016 041	12 016 041
Bank Overdraft	16 249	16 249
	408 139 970	**408 139 970**

Economic entity - 2023

Financial assets

	At fair value	At amortised cost	Total
Prepayments	-	28 575	28 575
Principal Agent Receivables	-	2 278 628	2 278 628
Trade and other receivables from exchange transactions	-	168 688 072	168 688 072
Other receivables from non-exchange transactions	-	75 977 882	75 977 882
Cash and cash equivalents	119 511 400	-	119 511 400
	119 511 400	**246 973 157**	**366 484 557**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	317 248 630	317 248 630
VAT Payable	14 391 140	14 391 140
Bank overdraft	453	453
Principal Agent Payable	14 954 112	14 954 112
Provision	3 242 629	3 242 629
	349 836 964	**349 836 964**

Controlling entity - 2024

Financial assets

41. Financial instruments disclosure (continued)

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	440 998 348	440 998 348
Other receivables from non-exchange transactions	-	122 696 769	122 696 769
Cash and cash equivalents	20 442 357	-	20 442 357
	20 442 357	**563 695 117**	**584 137 474**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	389 592 005	389 592 005

Controlling entity - 2023

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	166 321 349	166 321 349
Other receivables from non-exchange transactions	-	75 432 159	75 432 159
Cash and cash equivalents	105 677 729	-	105 677 729
	105 677 729	**241 753 508**	**347 431 237**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	315 314 762	315 314 762

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

42. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Infrastructure	440 125 426	616 371 253	440 125 426	616 371 253
• Building	158 424 331	158 424 331	158 424 331	158 424 331
• CHDA Projects	-	177 867 891	-	177 867 891
• Consultants	89 609 514	-	89 609 514	-
• Order commitments below R30 000	6 260	39 929	-	-
• Contract commitments	707 000	682 000	-	-
• Order commitments above R30 000	39 100	106 260	-	-
	688 911 631	**953 491 664**	**688 159 271**	**952 663 475**

Total capital commitments				
Already contracted for but not provided for	688 911 631	953 491 664	688 159 271	952 663 475

CHDM

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)

CHDA

2024:
Order commitments below R30 000-The agency entered into a 12-month contracts for a panic button emergency system with Red Guard Security, starting March 2024 to February 2025. The services were partially execututed to end June 2024

Order commitments above R30 000-The agency entered into a 12-month contracts for alarm monitoring and armed response with Red Guard Security, starting November 2023 to October 2024. The services were partially execututed to end June 2024

Contract commitments-There has been delays in the implementation on the Tulsaspark agreement on Waste Buyback Centers' operations. The agreement was signed in March 2022, and there has been no movement to date due to contractual challenges

The committed expenditure relates to projects and operations / running expenses, and will be financed by available bank balance and funds received for projects, retained surpluses, internally generated funds, and operational subsidy allocations, etc

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

43. 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	-	60 000
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

Notes to the Consolidated Annual Financial Statements

43. Contingencies (continued)

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
CitySquare Trading 204. CHDM is the 2nd Defendant in the matter. Action defended and has proceeded to trial. The matter was postponed sine die in July 2021 for further evidence. The matter has been reinstated on roll for hearing and is partly heard for further hearing in May 2023. At the end of the Applicant's case, an application was filed by the Municipal counsel for an absolute on from the instance. The applicate on 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 Makhanda High Court. The Attorneys are to consult with client in preparation for the trial. Matter finalised and order granted in favour of the plaintiff. On instruction of CHDM, the Attorneys entered into a monthly payment arrangement wherein CHDM has undertaken to pay R 1 million per month on the 1st of every month. Furthermore, to avoid tax implications that may be harmful to CHDM an arrangement was made that the instalments would be paid directly to City Square. The Plaintiff filed their notice of intention to tax. The MuicipalityY is opposing the plaintiff's bill of costs and are to file up submission by 26 April 2024.	-	8 600 000	-	8 600 000
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 Municipality is now paying the court order	-	1 061 125	-	1 061 125
The Defendant has defended the action. Telkom still needs to substantiate claim. Matter is ready for trial. A special plea for failure to adhere with the Intergovernmental Relations Framework Act. The matters might be combined if the Court allows such an application. Pleadings have closed. Plea trial proceedings have commenced.	110 000	110 000	110 000	110 000

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
43. Contingencies (continued)				
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
Element Consulltng Engineers (Pty/LTD is suing the Municipality capital claim for amounts of R3 481 997,42 in total 1st claim is R1 456 841,29 Rathwick Project (2010); 2nd R1 827 115,47 Molteno Project and 3rd claim R198 040,73, for Emergency Housing Project (2017) The Municipality has filed a noticeof 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 The Applicants went under business rescue.	4 000 000	4 000 000	4 000 000	4 000 000

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

43. Contingencies (continued)

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. The Registrar contacted the Judge to enquire about same. The Judge directed that CHDM file submissions on the merits of the matter as well as before a directive can be issued on the appellant’s application for leave to appeal and condonation application thereto. Adv Kroon SC has finalised the submissions and the same has been forwarded to CHDM for commentary before service and filing can be effected.	1 365 380	1 365 380	1 365 380	1 365 380
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.	170 000	170 000	170 000	170 000
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. The draft plea has been prepared. However, a consultation is required with the Municipality. A notice of bar has not been filed by Mr Miggels. It is advisable for CHDM not to contact the plaintiff as the plaintiff has not pursued the matter	320 000	320 000	320 000	320 000

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

43. 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
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. The plaintiff has not discovered. The Attorneys are preparing a final compel application to discover. However, the Attorneys are to consult with CHDM concerning the appointment of Counsel to move the application.	80 000	80 000	80 000	80 000
Inyathi Construction. The applicant issued summons against the Municipality seeking for an order of the decision of municipality to award the tender of Cluster 8 Water Supply Backlog and all administration actions and contracts concluded to such award be reviewed and set aside. The matter has been set down for hearing 20/06/2024.	600 000	-	600 000	-
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. Applicant has filed Rule 37 on 19/04/2024.	25 000 000	25 000 000	25 000 000	25 000 000

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
43. 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
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 cluster. 7”…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
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. Both parties went to site for inspection in February 2024. CHDM has filed a further report	120 000	120 000	120 000	120 000
Idalette Foto's cc. Plaintiff is suing the CHDM for vacurious liability as one of its Councilors was involved in a motor vehicle collision belonging to the plaintiff. A plea and special plea of non-compliance has been served.	45 000	-	45 000	-
The Auditor-general of South Africa (Tsakani Maluleke hereby instituted action against defendants in the plaintiff claim the relief on the grounds that the defendant has to pay/refuse/neglect to make payment of the outstanding audit fees. The plaintiff also filed a notice agreement or opposition to mediation, the plaintiff does 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 claim.	20 000	20 000	20 000	20 000

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
43. Contingencies (continued)				
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. The Attorneys received a notice of setdown of the matter for 21 February 2024. The Advocate's files have been indexed and paginated and the Advocate is preparing a practice note. The trial took place on 21/02/2024. On 27/02/2024 acting Judge Makhura issued a ruling in favour of the 3rd and 4th respondents. The Municipality is proceeding with the appeal.	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. On the request of the applicant (Mfuraa Projects), the matter was removed from the roll on 11/03/2024.	28 000 000	28 000 000	28 000 000	28 000 000
SRK Consulting claims for amount of R223 992.30 from the CHDM for the additional services rendered. The Municipality entered an appearance to defend. The Plaintiff has filed its discovery notices. The matter is still on discovery stage. The parties will proceed with the pre-trial on notice from the applicant. The Applicant is yet to fie the pre-trial notice.	243 922	243 922	243 922	243 922

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

43. Contingencies (continued)

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 Municiplaity 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. Plea filed and the matter has progressed to discovery stage.	1 000 000	1 000 000	1 000 000	1 000 000
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. The matter was then postponed to 14 June 2023 for the final witness of the applicant to testify. After conclusion of the evidence, arguments will be presented. The arbitration took place on 15 August 2023. The matter was to be heard on 22 February 2024. On arrival and on request of the Applicant, the matter was postponed to 29 April 2024. What remains is for the applicant's final witness to testify after which closing argument will be delivered and the award handed down.	80 000	80 000	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. CHDM discovery affidavit was filed on 16/02/2024. On 16/04/2024 the plaintiff tabled settlement proposal by CHDM.	75 000	75 000	75 000	75 000
S. Ngxenye 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 Municiplaty will apply that the matters be consolidated when the time comes. Matters have been consolidated under case no: 2187/23. The matter has been set down for hearing on 01/08/2024. CHDM filed its heads of arguments 17/04/2024.	1 000 000	100 000	1 000 000	100 000

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

43. Contingencies (continued)

N. Dintsi The applicant issued summons against the municipality seeking declaration order of failure to provide portable drinkable water to the applicants' communal taps be declared unconstituonal in terms of section 27 of the Constitution of Republic of SA, further that the municipality facilitate and 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 unconstitutional in terms of section 27 of the Constitution of republic of SA, further that the municipality facilitate and expedite supply of clean and purified water to applicants' communal taps. The matter is defended and on pleadings stage,	-	100 000	-	100 000
Y.Ngxothelwa 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. Nozwembile 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

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

43. Contingencies (continued)

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
The Applicant institutes action against the Municipality, in which the Plaintiff claims relief on the Electronic Communication facilities that were damaged while carrying out work on the site by the Defendant. The matter is on pleadings.	332 981	-	332 981	-
The Auditor General claims for outstanding fees. The matter is mediated out of court. It appears that there is misunderstanding between the office of the auditor on interest that were previously waived by same office	505 049	-	505 049	-
Egxeni Engineering entered a contract with the defendant for professional services. The plaintiff claims the municipality for an amount of R829 718,38 for services rendered. we are still to consult and establish liability in this matter. A counter claim has been filed. The Attorneys are waiting for applicant plea on counter claim in order to apply for trial date. CHDM received plea to the counter claim and replication to CHDM plea. The matter is on pleading stage	1 329 718	-	1 329 718	-
Hatch Goba. The plaintiff entered a contract with the defendant for professional services in relation to the design and construction of the Caca dam. The funding department has called for planning of construction of the dam and has picked up that the professional service provider dealing with the project is registered under MIG and the project will proceed on RBIG. The Municipality had advised the Hatch that they will be using services of another service provider. Hatch Goba interdicted the Municipality on appointing another service provider. The Municipality is defending the matter and has applied the review of the contract against Hatch be expedited.	1 100 000	-	1 100 000	-
Xhentu Local Residents. The applicant issued summons against the municipality seeking declaration order for failure to construct toilets and ablution facilities at Xhentu locality to be declared Constitutional and Valid in terms of section 24 of the Constitution. May 2024, CHDM has mediation. CHDM has served and filed answering affidavit. On 7th	100 000	-	100 000	-

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
43. Contingencies (continued)				
Kuza-Ngcete Local Residents. The applicant issued summons against the municipality seeking declaration order for failure to construct toilets and ablution facilities at Kuza-Ngcete locality to be declared Constitutional and Valid in terms of section 24 of the Constitution. CHDM has received plaintiff's replying affidavit. CHDM is preparing for heads of argument.	100 000	-	100 000	-
Chibi Local Residents. The applicant issued summons against the municipality seeking declaration order for failure to construct toilets and ablution facilities at Chibi locality to be declared Constitutional and Valid in terms of section 24 of the Constitution. CHDM has received plaintiff's replying affidavit. CHDM is preparing for heads of argument	100 000	-	100 000	-
Ncalukeni Local Residents. The applicant issued summons against the municipality seeking declaration order for failure to construct toilets and ablution facilities at Kuza-Ncalukeni locality to be declared Constitutional and Valid in terms of section 24 of the Constitution. A court order to consolidate the application was granted on 20/02/2024., under case number: 4956/23	800 000	-	800 000	-
Betram (Pty) Ltd. The Municipality published a tender with the description that they want 5 panel of service providers to do the work that was advertised on the tender, the applicant submitted all the requirements. The applicant was far from the lowest priced tender and had to be awarded the most points in terms of the preference point system. The Municipality appointed 6 service providers. The Applicant claims that if the tenderers were scored correctly, they could have obtained the highest points. The applicant now issued summons in essence to review and set aside the decision of the municipality to award the tender to 5 highest scoring tenderers (from the second to the seventh respondents) .The Municipality is defending the matter. The defendant filed notice of opposition. Court order by agreement between the parties was granted on 23/02/2024. In terms of the court order, the decision was reviewed and set aside	250 000	-	250 000	-
Asanda Makonza Case. The applicant seeks for an order on a award handed down by second respondent (Commissioner Thobela Ncetezo) on the 15 of January 2024 under case number EDC 062313 to be reviewed, set aside and corrected in terms of section 145 of the Labour Relations Act 66 0f 1995. Applicant has taken up the matter on appeal and subsequently resigned	350 000	-	350 000	-
BVI Border Pty Ltd. Urgent interdict to render the cancellation of the joint venture agreement by the Municipality unlawful.	300 000	-	300 000	-
Vuyiseka Hukwe's case. On 27 June 2022, the Plaintiff slipped and fell in overflowing drain water due to a malfunctioning sewage drain that was overflowing, as a result, the Plaintiff suffered serious injuries which include dislocated patella and soft tissue and is unable to work. The Plaintiff seeks compensation amounting to R400 000	600 000	-	600 000	-
	81 257 050	**85 535 427**	**81 257 050**	**85 535 427**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

43. Contingencies (continued)

Contingent assets

Diphatse Trading. A service provider, 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 was opposed as the applicant laboured under the false impression that the contract was terminated, and also that the certificate claimed was not due to the contractor, but to the Municipality (as penalties). The judgment is in favour of the Municipality. Bill of costs taxed and allocated. Currently in the process of recovering the allocated costs.	-	100 000	-	100 000
The Tsomo Magistrates Court dismissed an applicatton for rescission that was brought by the Municipality against Mawethu Magida. A judgment was granted by default against the Municipality in the amount of R 300,000.00 for a claim for damages allegedly caused by blasting while the Municipality implemented an infrastructure project. An appeal was brought at Mthatha High Court and was decided in favour of the Municipality. The bill was taxed however the attorneys are trying to trace Mr Magida as his attorneys of record withdrew	80 000	80 000	80 000	80 000

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
43. 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 non compliance 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. However, the Attorneys are to consult with the Municipality in proper preparation of the application. The Attorneys briefly consulted with the Advocate this year in order to discuss dates to move the application in the interim. The Advocate will revert with dates. The Attorneys consulted with Counsel concerning the matter. Counsel advised that his diary for this year is open to file an application to dismiss the matter. Counsel will have to peruse the file to revert with the dates, in the interim the attorneys requested the correspondence to peruse the court file for further pleading filed by the plaintiff. The correspondent Attorneys confirmed that they have not received pleadings from the plaintiff.	60 000	60 000	60 000	60 000

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
43. Contingencies (continued)				
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	200 000	200 000
A contingent asset was due to an applicant (Diphatse Trading and projects) 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	200 000	200 000
	540 000	**640 000**	**540 000**	**640 000**

Contingencies - CHDA

Tender litigation matter

Ongoing litigation matter in process where a bidder took the entity to court on the outcomes of a formal bid process. The applicant (Norland Construction) has challenged the first respondent (Chris Hani Development Agency / entity) and second respondent (bidder awarded bidder) in a legal matter involving the award relating to contract number PLB07/20-21 (XonxaMachibini Pipeline and Break Pressure Tank Construction). The applicant is challenging the tender awarded to to the second respondent by the entity, and has since filed for an interdict suspending operations on site. The applicant further filed a request for independent legal review by the Makhanda High Court on the tender evaluation, adjudication and award processes conducted by the entity, and are seeking remedies for any tender irrgularities that may have occured in the award processes. There was no work on site, and the legal review was still ongoing as at 30 June 2023, as any attempts to resolve the matter out of court had been declined.

The Makhanda High Court issued a judgement, instructing that the entity re-evaluates the tender, and reconsiders the award. This judgement was thus impractical to implement or action, due to the i) time-lapse between the tender closing to date having an impact on the validity of quaoted prices, ii) the work awarded had been partially done by the awarded bidder, so the work to be evaluated was significantly reduced,and any re-evaluation process may not be practical. Lastly, the entity had undergone an independent probity review of the award processes by its independent internal audit firm, who also raised significant findings on the responsiveness of all the bidders in the submission of their tenders, including the bid submission of the applicant, that would result in non-responsiveness of their submission, and any award being declared irregular in nature.

(The entity has retained its legal counsel, and is in the process of filing a response woth the Makhanda High Court on the impracticlity of effecting the conditions of the judgement issued, so the entity is not held in contempt of court. However, as at 30 June 2024, the matter is still ongoing, and remains unresolved, as the principal-agent agreemnt between the Chris Hani Develeopment Agency (CHDA) and the Chris Hani District Municipality (CHDM), had subsequently come to an end, and said project returned to the principal, so no longer within the implementing framework of the entity.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

43. Contingencies (continued)

A contingent liability arises where the entity anticipates an outcome where the applicant's application may be favoured by the court processes. There was a delay in responding to the bidder's follow ups and enquiries on status of tender award after closing, resulting in their commencmenet of legal processes seeking closure. It is thus reasonable at this stage to estimate any contingent liability may only be limited to the applicant being awarded costs of suit, which would be a contingency payable by the entity. In the absence of a court orderering settlement of legal costs by the entity, the extent of the contingent liability is yet unknown as at 30 June 2024.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

44. Related parties

Relationships	
Associates	Refer to note
Shareholder with joint control	Name (Proprietary) Limited
Ncumisa Ncobo	Director in Isiqalo SNN Consulting Agency. Director in Siqalosethu Trading
Sizwe Qotywa	Shareholder in Avior - Ordinary Shares Mtoniswa Trading
Zolisa Ngcuka	Director in Bright Youth NPC
Nobuhle Mahlasela	Shareholder/Owner in Sosisa Property Developments. Landlord in Vuliveli Chalmers Street
Vuyeka Yabo	Shareholder in Invest Global Reit, Avweng, , EC10, LABAT, Purple Group Limited, Tongaat Hulett, Bright light Solar VCC, Angesisa Trading
Siyabulela Vellem	Owner in Transport Services
Pamela Mabentsela	Shareholder in Mabentsela Undertakers and Lambcrops Multitraders
Gcobani Mashiyl	Owner in Lathiloez and Emerging Farmer. Shareholder in ZINACO and Ikhwezi Lomso. Member in Iziphumo Consulting and Technical Cross Holdings
Pumlani Libala	Shareholder in Easy Equity. Owner in KUUM Capital
Zolile Duze	Founding member in M & P Family Trust
Roboji Ncumisa	Owner in Emerald Boutique Guest House. Landlord in Residential Property Zone 1-420
Mvuyeleni Somkoko	Member in Jange and Mlungu Civils
L;indile Delubom	Director in Delubom Transport, 33% member in Emakhaya Properties Flate,
Asanda Makonza	100% Membership in Seasons Find 1260CC. Member in Funumbona Construction & Projects
Mziwamadoda Moses Shasha	100% in Safika Rural Dev Consultant
Ntombizanele Mapatwana	Director in Brainwave Project 205
Zixolisile Gqodo	Member in GZ Civil Engineering. Member in FC Builders & Construction
Thulethu Ncokazi	100% in Jekeso Communication. Member in Relittle Investments
Nonelela Gobeni	Director Hi-Lite Development Agency. Member in Ulutho Funerals
Mthetheleli Atwel Gcali	Director in Sebutha Transport & Catering
Thandisizwe Makwabe	50% Membership in Mokoti Construction.
Neziwe Petela	Director in Kumbu & Lam Trading Enterprise. Director in Kei Recyclers
Vuyiseka Banisi	Member in Angesisa General Trading
Bafo Sigenu	Member in Nonesi Development
Bathandwa Ngxangana	Own share in Northam, Capitec, South 32. Director in Sibakulu Group. Partnership in Oxygen Investment. Director of Flats
Ntombikayise Prudence Mnyengeza	Member in Brainwave Projects 1538 and Valobex 225.Director in Ntomonde, RSA Bhungane Transport and Tap Tac Trading.
Onela Mbotshane	Member in Destiny Internet Cafer. Director in Sagodola General Trading
Themba Spampoel	Member in M Q F S IT Solutions and Telecommunication and in Strive Industries. Director in Strive Investments
Noxolo Ncede	Member in Divine Watch Protection Construction Agency and Investments

44. Related parties (continued)

COUNCILLORS	REFER TO LIST OF COUNCILLORS DISCLOSED UNDER GENERAL INFORMATION. COUNCILLORS OF THE MUNICIPALITY HAVE RELATIONSHIPS WITH BUSINESSES AS INDICATED BELOW:
Siyabulela Nxozi	Owner in Residential Flat N77 Ekuthuleni Khowa
Kenneth Klark	Shares in Johannesburg Stock Exchange. Side memmber in Twizza. Side member in Crickley Dairy. FamilyTurst in Clifton Turst
Bongeka Nobuntu	Member in Nice Flower Trading 39. Director BBAO Sopitsho Construction and Lady Million Incorporated
Patheka N. Makapela	Member in Hange Wool Growers Co-operative Limited
Lusanda Sizani	50% Ownership in Likhaya BNB
MUNICIPAL EMPLOYEES	EMPLOYEES OF THE MUNICIPALITY HAVE R ELATIONSHIPS WITH BUSINESSES AS INDICATED BELOW:
Mabele Yonela	Owner in Thembelani & Yonela Music Band
Bongile Stanford Magadla	Owner in Banekazi Holdings CC. Owner in Alucwe Investment CC. Director in Inkululo Leadership Academy
Snathamanzi Cekiso	Spouse, Owner in Khwezilomso enterprises
Nontozabethini Mtibe	Spouse, Yolo Trading Enterprise
Avela Mananga	Owner in Guadville Security
Thandeka Siqwayi	Shareholder in RedGuard Solutions
Amanda Mdzeke	Shareholder in Matoti's Transport Services
Nomfundo Sobukwe	Family member in R. Sobukwe Trust. Board member in Borien Educational Fund
Zanoxolo Kolanisi	Shareholder in Umhlanga Oceans Hotel and Flat - Gqeberha 32 Clyde street
Nozuko Ncedo	Owner in AMS Rhudulu Projects
Fezeka Mketsu	Owner in Queenstown Palm Lodge. Facilitator/Assesor/Moderator
Luseko Maxhama	Director in Flawless Force SA-NGO Superlife Fine Fragrance
Nontuthuzelo Khonyashe	Director in Bell Caxton Print,Marry and Roberts,Member in Nompak Limited,Member in woolwarths Holding,Member in Honey Fashion Accessories
Sonnieke Kriel	Member in Flats
Sinovuyo Griffits Mbele	Member in Backstage Indwe
Elizabeth De Klerk	Director in Flats
Lindelwa Tyali	Director in Amatshezi Bottle Store
Nozabathini Hlahla Mtibe	Member in Amway,Yovo Trading Enterprise
Sakhele Dyili	Member in Flats in East London
Bayanda Mtiya	Member in Inuka and Justine
Wandisile Nkwenkwezi	Member in Asoze Toilet Hiring
Ayanda Ngxaba	Ownership in Latayas Collection, Director in Flats Elliot
Gcobisa Matakane	Director in Flats in East London
Charlene Vries	Director in Honey Tupperware
Fundiswa Hansi	Owner in Seling Clothes
Siphokazi Mfikili	Beneficiary in NHFC Subsidy
Bulelwa Mboyi	Directors of Community Transformation Resdintial Property Westebourne Park

Related party transactions

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
Interest paid to (received from) related parties				
Chris Hani Development Agency			95 547 772	165 311 892

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

44. Related parties (continued)

Phalethu 0513 Event Management			-	52 900

Related parties - CHDA

Relationships

Controlling entity	Chris Hani District Municipality (100% shareholding)

Related party balances

Grant received from related parties				
CHDA Operational Grant			28 625 984	28 913 043
CHDM Investment Summit Grant			-	320 000
CHDM Komani Industrial Park Grant			-	631 863
CHDM Komani Industrial Park Critical Infrastructure			-	3 133 542
CHDM Irrigation Scheme Grant			52 080	599 711
CHDM Livestock Development Grant			190 000	1 451 317
CHDM Co-Operative Centre Grant			7 188 251	8 000 000
CHDM Fertiliser Blending Grant			-	98 791
CHDM Coal Mining Exploration Grant			-	498 809
CHDM Biltong Factory Grant			11 460	237 500
CHDM Infrastructure Agency Income			4 936 576	9 474 418
CHDM Infrastructure Implementation Grant			49 492 963	95 223 218

45. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Financial Position

1. Receivables from non-exchange transactions

The analysis was done on R903 646.99 that was identified as an overstatement on WSIG debtor and the journal passed to reduce the debtor. Sakhisizwe local municipality requested to set- off the debt amounting to R2,000,000.00 with the amount owed by CHDM

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

45. Prior period errors (continued)

2.Receivables from exchange transactions

Billing and Tariffs

Management obtained a download of all accounts on the billing system and performed the following analysis:

.

Compared the property usage category to the tariffs to ensure that the tariffs match the category as per valuation roll. . Using Excel analytical tools, Management identified accounts that were being charged at the incorrect tariffs and corrected the billing retrospectively to years. Journals were passed to this effect.

. Management identified accounts and/or stands in which duplicates existed and had incorrectly been charged. The duplicated services were de-linked from the debtors' accounts and correction journals were passed. .

Management selected random samples thereafter to ensure that accounts were correctly billed for the correct services at the correct tariffs in the correct period until no exceptions were noted in the greater population.

Accounts not billed for the correct number of periods.

Management did an analysis and noted that while there were accounts that were not billed for the correct number of periods, a significant number of them are incorrectly identified as such due to the following reasons.

- A new occupant using the property and their subsequent migration to a new account. In this case the property would have been billed under two different account numbers in the same financial period. Both accounts were frequently identified incorrectly as having been billed an incorrect number of times.

- Accounts which were opened or terminated in the current year.

- Except for the above, Management investigated the remaining population and corrected all instances where the billing periods were not in line with expectations. Management notes that these instances were not indicative of a systemic error in the billing system but rather a result of isolated instances of error.

- Management selected random samples thereafter to ensure that accounts were correctly billed for the correct services at the correct tariffs in the correct period until no exceptions were noted in the greater population.

Application of the on estimates policy

Management created a decision guide to help ensure there is appropriateness and consistency in determining whether to use actual reading obtained, estimate based on average consumption or flat rate.

Accounts with long outstanding credit balances.

Management obtained the debtors ageing as at 30 March 2024 and filtered for accounts with credit balances. Each account was analysed, and it was noted that a significant amount from the initial population was a result of errors which were subsequently corrected per procedures above.

Management also performed the procedures below

Reviewed the Ledger Entries:

- Management started by examining the aged debtor ledger to identify accounts with long outstanding credit balances. Management verified the accuracy of the entries and checked for any errors in posting or allocations

Communicated with the Debtors:

- Management communicated the with the debtor to confirm their understanding of the account balance. Management discussed any discrepancies and gathered explanations or supporting documentation for any unresolved credits

Investigated Unapplied Credits

- Management identified any unapplied or misallocated credits that may have been posted to the account. Management checked for duplicate payments, discounts taken in error, or returns not recorded.

45. Prior period errors (continued)

Reasonability of the usage of the flat rate

To ensure the reasonability and correct application of the flat rate for accounts with no meter readings, and to verify the use of average consumption for those with three or more consecutive months of readings, the following procedures can be performed:.

Identified Eligible Accounts

Management generated a list of accounts with no meter readings to verify that they were correctly identified for flat rate billing. Management ensured that accounts with three or more consecutive months of meter readings were excluded from the flat rate application

Verified the Flat Rate Policy and ensured that all employees were informed:

Management reviewed the municipality's policy documents to ensure Management clearly understood the flat rate application criteria. Management then confirmed that the flat rate was applied consistently across all accounts without consecutive meter readings using excel analytical tools

Reviewed Meter Reading Data:

For accounts with meter readings, Management verified the accuracy and completeness of the recorded data. Management checked for any discrepancies or irregularities in the readings that might affect the calculation of average consumption. These generic tests on billing integrity were done as per procedures 1 and 2 above..

Re-calculated Average Consumption:

For accounts with three or more consecutive months of meter readings, Management calculated the average consumption accurately. Management ensured that the correct average was applied to these accounts instead of the flat rate.

Audited Billing Records:

Management conducted an audit of billing records to ensure the correct rates were applied to each account. Management verified that adjustments were made where necessary to reflect changes in consumption patterns or meter reading availability. These generic tests on billing integrity were done as per procedures 1 and 2 above.

Monitored Exceptions and Discrepancies:

Management identified and investigated any exceptions or discrepancies in billing. Management reviewed accounts with significant deviations from expected usage patterns to ensure that they were billed correctly

Communicated with Customers:

Management provided clear communication to customers about how their bills were calculated, especially when switching from a flat rate to average consumption billing. Management addressed any customer inquiries or disputes promptly and accurately

Reviewed and Updated Policies Regularly:

Management reviewed the flat rate policy and billing procedures for 2023/24 to ensure they remained relevant and effective. Management updated the policy as needed to address any changes in consumption patterns or municipal requirements. The net balance of R 179 380 089.00 on receivable from exchange transaction. During the audit, there were write-offs relate to water estimates that has been corrected as correction of error not as bad debt written-off amounting to R84 811 351.51 which affected receivables of the previous years.

3. Property Plant and Equipment

3.1 WIP Register Verification and Reconciliation Findings

During the current financial year, a comprehensive review and reconciliation of the Opening Balance on the WIP register was

45. Prior period errors (continued)

conducted. This involves checking that all projects in the register meet the PPE recognition criteria and that any projects that do not qualify are either expensed or reclassified

During this review, we identified that certain expenditures previously capitalized under the WIP category did not meet the recognition criteria outlined in our accounting policies and relevant financial reporting standards. Specifically, these expenditures were recorded as capital assets under WIP but do not satisfy the necessary conditions for capitalization as outlined by our accounting framework.

The necessary adjustments amounting to R100 522 272.09 will be made to the WIP register to ensure compliance with our accounting policies.

3.2 During the current financial year, it was identified that certain assets with a total cost of R2 269 686.80 and accumulated depreciation of R 1 916 715.49 had been incorrectly classified under water asset catergory. These assets should have been classified under the sanitation asset catergory.

4. Inventory

During the year 2023/2024, the inventory error was idnetified on the opening balance and the decrease amounting to R2 193.00 was corrected

5. Payables from exchange transactions

The analysis was done on the opening balance as legacy suspense vote and was tabled to Council for write-off. The cut off for legal fees was also identified and the net balance of R 1 618 608 reduce the other payables.

6. VAT Payable

During the correction of Departmental Electricity opening balance, it was noted that an amount of R590 716 was included, the settlement of Sakhisizwe loan, the VAT was considered amounting to R253 364.06. and Retention amounting to net balance of (R8 495.62). The changes on the consumer debtors, bad debt write off and impairment has reflected the decrease on the vat payable. The presentation of VAT as per GRAP Standard 108 paragraph 35 and paragraph 39 of GRAP 1 is corrected in the Annual Financial Statements which affect 2023

7. Operating lease

The analysis was done on the previous year working and the error was identified that there is no operating liability that suppose to be recognised. The error corrected to reduce the current liabilities

8. Statement of Changes in Net Assets.

The analysis of receivables from exchange transactions that have resulted in the correction for 2020/2021 and 2021/2022 there were changes in the closing balance of June 2022 which was an opening balance of 01 July 2022 amounting to R18,592,250.75 for Sanitation, Water (-R50,986,261.22), Bad debts written off R84,811,351.51 and the other category like debtors for Sakhisizwe R2m, Property, Plant and Equipment contributed to R26,736,986.96 which is the net balance of R81,154,238.00. The movement from R5,083,759,683.00+R81,154,238.00=R5,164,913,921.00

9. Accumulated Surlpus

The correction of receivables from non-exchange transactions, receivables from exchange transactions, property, plant and equipment and other categories resulting to a decrease of accumulated surplus when compared to audited annual financial statements 2023. The table below reflect R334m as a movement between 2023 audited annual financial statements and restated annual financial statements

Financial Performance

1. Service Charges

Billing and Tariffs

Management obtained a download of all accounts on the billing system and performed the following analysis:

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

45. Prior period errors (continued)

Compared the property usage category to the tariffs to ensure that the tariffs match the category as per valuation roll Using Excel analytical tools, Management identified accounts that were being charged at the incorrect tariffs and corrected the billing retrospectively to years. Journals were passed to this effect.
Management identified accounts and/or stands in which duplicates existed and had incorrectly been charged. The duplicated services were de-linked from the debtors' accounts and correction journals were passed.

Management selected random samples thereafter to ensure that accounts were correctly billed for the correct services at the correct tariffs in the correct period until no exceptions were noted in the greater population.

Accounts not billed for the correct number of periods.

Management did an analysis and noted that while there were accounts that were not billed for the correct number of periods, a significant number of them are incorrectly identified as such due to the following reasons.

- A new occupant using the property and their subsequent migration to a new account. In this case the property would have been billed under two different account numbers in the same financial period. Both accounts were frequently identified incorrectly as having been billed an incorrect number of times.
- Accounts which were opened or terminated in the current year.
- Except for the above, Management investigated the remaining population and corrected all instances where the billing periods were not in line with expectations. Management notes that these instances were not indicative of a systemic error in the billing system but rather a result of isolated instances of error.

Management selected random samples thereafter to ensure that accounts were correctly billed for the correct services at the correct tariffs in the correct period until no exceptions were noted in the greater population.

Application of the on estimates policy

Management created a decision guide to help ensure there is appropriateness and consistency in determining whether to use actual reading obtained, estimate based on average consumption or flat rate.

Accounts with long outstanding credit balances.

Management obtained the debtors ageing as at 30 March 2024 and filtered for accounts with credit balances. Each account was analysed, and it was noted that a significant amount from the initial population was a result of errors which were subsequently corrected per procedures above.

Management also performed the procedures below
Reviewed the Ledger Entries:

- Management started by examining the aged debtor ledger to identify accounts with long outstanding credit balances.
- Management verified the accuracy of the entries and checked for any errors in posting or allocations.

Communicated with the Debtors: -
Management communicated the with the debtor to confirm their understanding of the account balance.
Management discussed any discrepancies and gathered explanations or supporting documentation for any unresolved credits.

Investigated Unapplied Credits:

.Management identified any unapplied or misallocated credits that may have been posted to the account. .
.Management checked for duplicate payments, discounts taken in error, or returns not recorded.

Reasonability of the usage of the flat rate.

To ensure the reasonability and correct application of the flat rate for accounts with no meter readings, and to verify the use of average consumption for those with three or more consecutive months of readings, the following procedures can be performed:

Identified Eligible Accounts

Management generated a list of accounts with no meter readings to verify that they were correctly identified for flat rate billing.

45. Prior period errors (continued)
Management ensured that accounts with three or more consecutive months of meter readings were excluded from the flat rate application.

Verified the Flat Rate Policy and ensured that all employees were informed:

Management reviewed the municipality's policy documents to ensure Management clearly understood the flat rate application criteria.
Management then confirmed that the flat rate was applied consistently across all accounts without consecutive meter readings using excel analytical tools.

2. Finance charges

Correction of Departmental Electricity interest charges that was included in the opening balance paid amounting to R44 490.26 and interest charged for Department of Water Affairs paid in the current year relating to previous year amounting to R1 768 003.60.

3. Contracted services

The adjustment is as a result of legal fees of R8 250.25 that were paid after year end and corrected to prior year and reclassification of sanitation - isd fees amounting to R98 565.75

4.Transfers and subsidies

Reclassification of R98 565.75 was identified from contracted service on contracted services caused the restated on the transfers and subsidies In 2023 financial year, CHDA reduced by R167 125.00 on Irrigation Scheme Products misallocation recognised to CHDA instead of separate line item.

5. General expenses

The below are the corrections of general expenses

4.1 Bank charges

Management analysed 2022/23 bank charges in the 2023/24 financial year and noted that there were amounts that were included as part of the bank charges whereas they were not bank charges. These amounts related to unauthorised debit deductions from municipalities account. These were disputed with the bank, and the bank managed to reverse the amounts per the municipalities instructions. Therefore the amounts had to be reversed as bank charges as they are not an expenditure for the municipality. These amounted to R192 223.00.

4.2 Electricity / Inventory Water Consumed

All the payment vouchers and the relevant invoices for the 2022/23 financial year were analysed and it was identified that expenditure for electricity was recorded inclusive of VAT and interest where there was an opening balance from the previous month. Opening balance in this case refers to a billing of the previous month that was not paid, for example, unpaid billing for March will reflect as opening balance for April. Therefore, in this case opening balance falls within the same financial year. It was identified that the expenditure vote was overstated by a total amount of R635 205,77, VAT input understated by R590 715,51 and Interest expense understated by R44 490,26, though the error affected electricity, the changes reflected on inventory water consumed.

4.3 Consumables

During 2024 it was noted that there was a reclassification of Woman Caucus event amounting to R3 234.78.

Disclosures

Commitments

During 2023/24 financial year, management performed a full population analysis for commitments for the 2022/23 financial year. The process undertook is as follows:

45. Prior period errors (continued)

Requested all the payments certificates from project managers

Requested all the completion certificates for projects completed before 30 June 2023.

Revised the commitment register based on the above updated information in line with GRAP 17, para 86

Compared the original register with the updated register and noted the following differences per the original commitment register, that were corrected in the revised register:

1. Inconsistences in treatment of retention amount.

2. Completed projects included in the register

3. Inconsistence in payment certificates

This resulted to the following restatements:

The correction of infrastructure was understated by R38 405 572,79

The correction of CHDA projects was understated by R33 946 952

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position -2024	**Note**	**As previously reported**	**Correction of error**	**Column heading**	**Restated**
Receivable from non exchange transaction	-	78 044 103	(2 611 944)	-	75 432 159
Receivable from exchange transaction	-	428 698 419	(262 377 070)	-	166 321 349
Property, Plant & Equipment	-	5 445 906 059	(95 238 022)	-	5 350 668 037
Inventory	-	13 638 893	(2 193)	-	13 636 700
Payables from exchange transactions	-	347 125 024	(1 618 608)	-	345 506 416
VAT Payables	-	60 296 695	(26 266 792)	-	34 029 903
Operating lease	-	178 532	(178 532)	-	-
	-	**6 373 887 725**	**(388 293 161)**	**-**	**5 985 594 564**

	Column heading	**As previously reported**	**Correction of error**	**Column heading**	**Restated**
Net changes	-	5 474 159 262	(334 737 337)	-	5 139 421 925
Accumulated Surplus	-	5 474 159 262	(334 737 337)	-	5 139 421 925
	-	**0 948 318 524**	**(669 474 674)**	**-**	**0 278 843 850**

Statement of financial perfomance and disclosure	**Note**	**As previously reported**	**Correction of error**	**Column heading**	**Restated**
Service charges	-	425 660 540	(20 026 073)	-	405 634 467
Finance costs	-	(491 909)	(1 812 494)	-	(2 304 403)
Debt impairment	-	(405 017 000)	(166 736 754)	-	(571 753 754)
Contracted service	-	(220 818 477)	(106 816)	-	(220 925 293)
Transfer & subsidies	-	(65 447 271)	98 565	-	(65 348 706)
General expense	-	(112 868 713)	18 615	-	(112 850 098)
Inventory consumed - water	-	(127 839 324)	491 175	-	(127 348 149)
	-	**(506 822 154)**	**(188 073 782)**	**-**	**(694 895 936)**

46. Prior period error - CHDA

Receivables from exchange transactions R538.00

Receivable from non-exchange transactions -R9 260 374. This is due to derecognition of overspending grants

Principal agent recevables R3 102 892. This is additional principal agents identified

Payables frome exchange transactions -R228 929. This is due to derecognition of principal agent payables

VAT payable R4 058 951 due to recognition of penalty and interest charges on outstanding balance on SARS VAT.

Unspent conditional grants and receipts -R67 796 due to derecognition of principal agents

Principal agent payables R1 343 457 due to additional principal agent owing to third parties

Bank overdraft R453 to recognition of bank account that had a credit balance at year end

Project income -R1 168 687 that is due to derecognition of principal agent

Other income -R3 819 this is due to a difference in tenant billing

Project cost external -R1 168 687, this is due to principal agents that were disclosed under projects

General expenses -R120 this is due to petty cash item added after year end

Interest and penalties R4 056 325 this is due to recognition of penalty and interest charged on overdue amount on SARS VAT.

Directors emoluments R99 381 this is due to recognition of S&T costs in disclosure note

Fruitless and wasteful expenditure R4 068 270, this is due to recognition of VAT penalty and interest charged.

Irregular expenditure R9 544 425 this is due to re-allocation of payments paid to overspending/unauthorised .

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Receivable from exchange transaction		9 844 293	(538)	9 843 755
Receivable from non - exchange transactions		9 806 097	(9 260 374)	545 723
Principal agent recaivables		1 671 602	3 102 892	4 774 494
Vat Payable		10 332 189	4 058 951	14 391 140
Payables		2 162 798	(228 929)	1 933 869
Principal agent payables		13 610 655	1 343 457	14 954 112
Unspent conditional grants		539 959	(67 796)	472 163
Bank overdraft		-	453	453
		47 967 593	**(1 051 884)**	**46 915 709**

Statement of financial performance

46. Prior period error - CHDA (continued)

Controlling entity - 2024

	Note	As previously reported	Correction of error	Restated
Project income		8 140 210	(1 168 687)	6 971 523
Other Income		11 613 000	(3 819)	11 609 181
Project cost external		(8 140 210)	1 168 687	(6 971 523)
General expense		(9 698 488)	(1 207)	(9 699 695)
Interest and penalties		(11 945)	(4 056 325)	(4 068 270)
Surplus (deficit) for the year		**1 902 567**	**(4 061 351)**	**(2 158 784)**

Disclosures	**Column heading**	**As previously reported**	**Correction of error**	**Column heading**	**Restated**
Directors emoluments	-	1 547 896	99 381	-	1 647 277
Fruitless and Wastefu expenditure	-	2 429 668	4 068 270	-	6 497 938
Irregular expenditure	-	3 637 884	9 544 425	-	13 182 309
	-	**7 615 448**	**13 712 076**	**-**	**21 327 524**

47. Risk management

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.

47. Risk management (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 settles 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

Liquidity risk - CHDA

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 2024	Less than1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other Payables	R4 328 524			
At 30June 2023				
Trade and other Payables	R1 933 868			

47. Risk management (continued)

Credit risk CHDM

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

Financial instrument	Economic entity - 2024	Economic entity - 2023	Controlling entity - 2024	Controlling entity - 2023
Cash and cash equivalents	23 242 983	119 511 400	20 442 358	105 677 729
Receivables from exchange transactions	1 998 665	2 366 723	-	-

Credit Risk CHDA

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 deversify investment portfolio to bettter manage risk exposure.

48. Going concern - CHDM

These consolidated annual 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..

Theconsolidated 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 , 2024, the municipality had an accumulated surplus (deficit) of R 5 666 096 357 and that the municipality's total assets exceed its liabilities by R 6 328 145 140.

49. Events after the reporting date

During 2024/2025 the municipality table to Council dated 16 August 2024 Resolution C21 of 2024 the unallocated deposit for the past five years to be recognised as own - revenue after several attempt to identified those unidentified deposit. An amount of R23 696 054.07 was disclosed in the statement of financial perfomance as at 30 June 2024

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

50. Unauthorised expenditure

Opening balance as previously reported	346 827 281	424 610 614	346 827 281	424 610 614
Add: Unauthorised expenditure - current	98 733 378	344 076 508	98 733 378	344 076 508
Less: Amount written off - current	(98 733 378)	-	(98 733 378)	-
Less: Amount wriiten off - prior period	(344 076 508)	(421 859 841)	(344 076 508)	(421 859 841)
Closing balance	**2 750 773**	**346 827 281**	**2 750 773**	**346 827 281**

The Council approved an amount of R344,076,508 from the opening balance and the current year expenditure amounting to R98,733,380. The amounts written off were investigated by MPAC and the outcome indicated that there was no financial loss incurred. The amount was certified as irrecoverable by CHDM Council.

51. Fruitless and wasteful expenditure

Opening balance as previously reported	6 584 631	5 585 232	86 693	2 853 517
Add: Fruitless and wasteful expenditure identified - current	951 218	4 560 179	473 442	491 909
Amount UIFWE incurred- prior period (UIFWE identified in the current year incurred in prior year	1 768 003	-	1 768 003	-
Add:Legal fees from non-compliance	-	567 700	-	-
Less: Amount written off - current	(385 437)	(4 128 480)	(385 437)	(3 258 733)
Less: Amount written off - prior period	(1 501 095)	-	(1 501 095)	-
Closing balance	**7 417 320**	**6 584 631**	**441 606**	**86 693**

The fruitless and wasteful expenditure for opening balance , quarter 1,2,3 and 4 was submitted to council and referred to MPAC for investigation and report back to council. The outcome of the investigation was to write off the expenditure.

*Cashflow related late payment penalties and interest.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

51. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

The interest has been incurred due to late payment of invoices for Eskom , and Telkom. '	473 443	491 909	473 443	491 909
The amount is interest incurred due to a court case which was finalised in the current financial year	1 768 003	-	1 768 003	-
	2 241 446	**491 909**	**2 241 446**	**491 909**

52. Irregular expenditure

Opening balance as previously reported	100 551 743	7 276 283	87 369 434	5 472 931
Add: Irregular expenditure - current	75 830 703	135 089 388	75 830 703	135 089 388
Add: Irregular expenditure - prior period	76 636 563	35 278 541	76 636 563	35 278 541
Add: Irregular expenditure - Unapproved salary increment	-	1 191 608	-	-
Add: Irregular Expenditure - SCM process not follwed	21 760	192 924	-	-
Less: Irregular expenditure - Amount written off	(237 419 927)	(88 471 426)	(237 419 927)	(88 471 426)
Add: Irregular expenditure - Award for the use of consultant	-	450 000	-	-
Add: Irregular expenditure - Prior Period grant overspends	-	9 544 425	-	-
Less : Irregular recovered	(156 288)	-	-	-
Closing balance	**15 464 554**	**100 551 743**	**2 416 773**	**87 369 434**

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

52. 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	74 929 358	127 895 075	74 929 358	127 895 075
2. Contract irregularities identified by IA at CHDA	-	4 332 800	-	4 332 800
3. The Municipality did not ensure that remuneration to senior managers is in line with the approve Government Gazzette	1 707 205	2 661 567	1 707 205	2 661 567
4. The requirements for local content and production were not stipulated in all bid document	-	199 946	-	199 946
	76 636 563	**135 089 388**	**76 636 563**	**135 089 388**

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

52. 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	-	32 873 170
3. The contract was not appointed in line with MCCR	75 240 870	-	75 240 870	-
4. Contract exceeded its duration and the scope of works was extended without following proper processes of section 116 of the MFMA.	87 789 321	-	87 789 321	-
5. The requirements for local content and production were not stipulated in all bid document.	199 946	-	199 946	-
	163 230 137	**35 278 541**	**163 230 137**	**35 278 541**

Irregular Expenditure for opening balance, quarter 1,2,3 & 4 was submitted to Council and Council resolved for MPAC to investigate and report back to Council. The outcome of the investigation from MPAC declared the amount irrecoverable and be written off by Council.

2024:*No SCM process followed to incur project expenditure
SCM procurment process not followed to incur project related expenditure

The prior period irregular expenditure where an increment was approval and was investigated by the board in 2023/2024, and sanctions applied against responsible official.The penalty was 1 month salary payable are maximum of 3 months equal installments.This shows improvement in consenquance management practices in the entity.
This amount has been included in own income and receivables from exchange transactions in the Annual Financial Statements.
The processing of prior period scm irregularities resulting in litigation on infrastructure bid also caused in the last quarter,with recomendations made to the board on implementation.

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

53. Water Distribution Losses

Water lossess	113 879 145	88 466 601	113 879 145	88 466 601

The municipality incurred water distribution losses in the current year 2024 of 9 183 820 @ R12.40 amounting to R113,879,144.80 estimated @23% and provision year 2023 estimated @36.16% of 8 622 476 amounting to R88,466,601.30

54. Additional disclosure in terms of Municipal Finance Management Act

VAT - CHDA

VAT Payable	12 016 041	14 391 140	-	-

Audit fees

Opening balance	304 648	4 176 705	304 648	4 176 705
Current year subscription / fee	11 181 691	9 449 148	11 181 691	9 449 148
Amount paid - current year	(11 210 759)	(13 321 205)	(11 210 759)	(13 321 205)
	275 580	**304 648**	**275 580**	**304 648**

PAYE and UIF

Current year subscription / fee	76 625 292	69 173 404	76 625 292	69 173 404
Amount paid - current year	(70 171 096)	(69 173 404)	(70 171 096)	(69 173 404)
	6 454 196	**-**	**6 454 196**	**-**

Pension and Medical Aid Deductions

Current year subscription / fee	67 484 554	60 716 764	67 484 554	60 716 764
Amount paid - current year	(67 484 554)	(60 716 764)	(67 484 554)	(60 716 764)
	-	-	-	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor RW Venske	-	62 736	62 736
Councillor September - Caba	-	3 975	3 975
	-	**66 711**	**66 711**

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

SALGA

Current year subscription/fee	4 281 723	3 920 265	4 281 723	3 920 265
Amount paid - current year	(3 211 292)	(3 920 265)	(3 211 292)	(3 920 265)
	1 070 431	**-**	**1 070 431**	**-**

55. Deviation from supply chain management regulations

CHDM

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 and includes a note to the consolidated annual financial statements.

There are no deviations for 30 June 2024.

CHDA

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

Total deviations for the year thus equalled R 138 784

1.Emergency Case which amounts to R 120 500.00
2.Exceptional Case which amounts to R 18 284.00

Most of the supply chain deviations arose from an extended electrical connection / supply challenge to the CHDA offices, due to instance of cable theft. At this time, the agency had to make use of emergency callouts for generator repairs to power office operations

56. Segment information

General information

56. Segment information (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

56. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Controlling entity - 2024

	Water	Sanitation	Total
Revenue			
Revenue from non-exchange transactions	616 387 000	73 083 717	689 470 717
Revenue from exchange transactions	286 103 852	57 150 594	343 254 446
Interest on debtors	153 553 217	30 447 150	184 000 367
Total segment revenue	**1 056 044 069**	**160 681 461**	**1 216 725 530**
Entity's revenue			**1 216 725 530**
Expenditure			
Depreciation and amortisation	152 303 238	12 463 446	164 766 684
Impairment loss	-	1 244 983	1 244 983
Employee related costs	163 989 436	24 746 273	188 735 709
Inventory consumed - water	160 753 927	-	160 753 927
Debt Impairment	891 996 441	141 222 522	1 033 218 963
Bad debts	(941 008 408)	(285 723 643)	(1 226 732 051)
Other expenses	126 167 089	24 149 526	150 316 615
Total segment expenditure	**554 201 723**	**(81 896 893)**	**472 304 830**
Total segmental surplus/(deficit)	**501 842 346**	**242 578 354**	**744 420 700**
Assets			
Inventory	22 346 190	-	22 346 190
Receivable from exchange transactions	414 696 250	26 237 128	440 933 378
Receivable from non-exchange transactions	112 590 373	8 109 965	120 700 338
Property plant and equipment	4 957 374 856	549 380 839	5 506 755 695
Total segment assets	**5 507 007 669**	**583 727 932**	**6 090 735 601**
Total assets as per Statement of financial Position			**6 090 735 601**

	Water	Sanitation	Total
56. Segment information (continued)			
Liabilities			
Payables from exchange transactions	99 527 159	-	99 527 159
Consumer deposits	1 079 583	-	1 079 583
Unspent conditional grant	17 651	-	17 651
Total segment liabilities	**100 624 393**	**-**	**100 624 393**
Total liabilities as per Statement of financial Position			**100 624 393**

Controlling entity - 2023

	Water	Sanitation	Total
Revenue			
Revenue from non-exchange transactions	753 050 242	86 697 665	839 747 907
Revenue from exchange transactions	347 461 616	58 172 851	405 634 467
Interest on debtors	134 199 164	28 547 970	162 747 134
Total segment revenue	**1 234 711 022**	**173 418 486**	**1 408 129 508**
Entity's revenue			**1 408 129 508**
Expenditure			
Depreciation and amortisation	140 482 063	10 744 892	151 226 955
Impairment loss	29 753 159	1 192 188	30 945 347
Debt impairment	571 753 754	-	571 753 754
Bad debts	86 657 478	-	86 657 478
Inventory consumed - water	127 348 149	-	127 348 149
Employee related costs	110 615 718	-	110 615 718
Other expenses	96 361 000	4 503 505	100 864 505
Total segment expenditure	**1 162 971 321**	**16 440 585**	**1 179 411 906**
Total segmental surplus/(deficit)	**71 739 701**	**156 977 901**	**228 717 602**

56. Segment information (continued)

Assets			
Inventory	13 343 001	-	13 343 001
Receivables from exchange transactions	246 858 462	2 423 589	249 282 051
Receivables from non-exchange transactions	66 311 601	-	66 311 601
Property plant and equipment	4 712 794 799	447 793 413	5 160 588 212
Total segment assets	**5 039 307 863**	**450 217 002**	**5 489 524 865**
Total assets as per Statement of financial Position			**5 489 524 865**
Liabilities			
Payables from exchange transactions	46 615 027	-	46 615 027
Consumer depposits	904 417	-	904 417
Unspent conditional grant	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.

57. Budget differences

Material differences between budget and actual amounts

Classification.

Components	Explanation

57. Budget differences (continued)

Service Charges	This is due to the billing corrections that were made during the year where incorrect data were used The analysis of data cleansing included the following: • Comparing the property usage category to the tariffs to ensure that the tariffs match the category as per valuation roll. • There were accounts that were not billed for the correct number of periods, a significant number of them are incorrectly identified. Accounts with credit balances where analysed and it was noted that a significant amount from the initial population was a result of errors which were subsequently corrected per procedures above. Further reperformed revenue for current and previous financial years based on the corrected customer data.
Other Income	The variance is cause by the municipality budget on the vote used the previous year actual vat refund and also use the vote for suspense on vat on conditional grant. Vat on conditional grant is reversed at the end of the financial year and the vat refund is linked under the statement of financial position. The R24m is for unclaimed deposits that the council took a resolution of recognised as other revenue.

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

57. Budget differences (continued)

Interest Income	The increase on Outstanding Debtors has resulted into an increase on additional interest charges due to non-payments of accounts. The varience in interest income was mainly caused by interest on receivables from water. The other categories within the interest income account (Interest on receivables from sanitation, interest from investments and bank balance) underperformed when compared to budget as compared to interest from receivables from water, this was caused by nonpayment by customers which resulted in overdue accounts attracting interest at prime rate.
Gains and Disposal of Assets	There were fewer sales revenue from auction than anticipated. There were no disposals during the current financial year as anticipated. There were also few assets which was computer equipment written off in the current financial year when compared to the previous financial year
Government Grants & Subsidies	The overperformance is due to the overcommitment in conditional grants such as MIG, RBIG and WSIG.
Expenditure	
Employee Related Costs	The increase was caused by more employment in beefing up Engineering unit , however it reflect the decrease under employment related cost as the portion for operator move to inventory consumed - water.
Remuneration of Councillors	Not material.
Depreciation and Amortisation	There were lesser assets that were depreciated than anticipated. This is due to an amount of around R12 million that was capitalised to inventory and not expensed to due inventory methodology adopted by the municipality.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

57. Budget differences (continued)

Debt Impairment	There were more debt write offs than anticipated due to the radical data cleansing exercise that was implemented during the year which identified a number of old debt with no prospect of recovery. The municipality also applied prescription act that resulted to the write off of the old debts.
Finance Costs	Not material.
Inventory Water - Consumed	This is due to the inventory methodology adopted by the municipality where all the input costs related to purification of water such as water purchases, electricity purchases, depreciation, chemicals and employee related costs WTW are capitalised in inventory balance and realised to this account based on water usage by customers. Meaning that the actual expenditure is influenced by all the mentioned costs.
Contracted Services	The overperformance is due to overcommitment on Consultancy and Professional Fees, CSPS and Security Costs. The municipality is also investing in maintaining its infrastructure assets to ensure a continued and uninterupted service delivery.
Transfers and Subsidies	This is due to the entity management fees that was dependent on the capital projects that were implemented.
General Expenses	The decrease is due to the Departmental Electricity and Agency Fees that were capitalized. Management also embarked on a cost containment process where certain costs are being managed. This include entertainment costs, motor vehicle expenses, fuel and oil and travelling which resulted to the municipality realising savings.
Loss on Disposal of assets & liabilities	This is due to lesser assets that were impaired than anticipated. There were no disposals during the current financial year as anticipated. There were also few assets which was computer equipment written off in the current financial year when compared to the previous financial year

58. Accounting by principals and agents

The entity is a party to principal agent arrangemnet. CHDM is a principal to CHDA

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

58. Accounting by principals and agents (continued)

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

The municipality is disclosing the function performed by the entity outside the activity of the entity to fast track some of the infrastructure projects of the municipality. In terms of GRAP(109) it requires that the munucipality to disclose that binding agreement as it affects the financial health of the municipality. During 2020/2021 financial year, 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 detailed the obligation of the CHDM and the obligation of the CHDA

Subject to the value created on each project, the CHDA shall submit an invoice that contains a payment certificate from a professional engineer, which shows work that has been measured in line with the bills of quantities

The parties agree that the CHDA's invoices shall be inclusive of the 10% (ten) percent management fee, which the CHDM has already provided for in its budget. In the event there are projects at risk or not being implemented and funds withhold, CHDA be utilised.

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 2024)	3 262 348	7 584 196	3 262 348	7 584 196

[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

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.